

Adria	5822	Italy	8310	Portugal	5410
Belgium	5845	Japan	11500	S. Korea	8540
Canada	5810	UK	10000	Singapore	5540
France	5810	US	10000	Taiwan	5540
Germany	5810	West Germany	10000	Thailand	5540
Greece	5810	Spain	10000	USA	5540
India	5810	Sweden	10000	USSR	5540
Italy	5810	Switzerland	10000	Yugoslavia	5540
Japan	5810	France	10000	Belgium	5540
UK	5810	Germany	10000	Canada	5540
US	5810	Italy	10000	Adria	5540
West Germany	5810	Japan	10000	Belgium	5540
Sweden	5810	UK	10000	Canada	5540
Switzerland	5810	US	10000	France	5540
Yugoslavia	5810	West Germany	10000	Germany	5540
		Italy	10000	Greece	5540
		Japan	10000	India	5540
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		West Germany	10000	UK	5540
		Sweden	10000	US	5540
		Switzerland	10000	West Germany	5540
		Yugoslavia	10000	Sweden	5540

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,309

Wednesday August 12 1987

D 8523 A

Sweden's yuppies
don't boast about
being rich, Page 3

World News

Business Summary

Israel told of Lavi project's tax threat

A senior Israeli Cabinet Minister warned that persisting with the country's Lavi combat aircraft project would result in substantially higher taxes and an end to hopes of revived economic growth.

The Cabinet was expected to reach a final decision on the \$2.5bn project on Sunday. Meanwhile, the US urged Israel to abandon the project. The State Department said it could not be funded within the budgeted \$3bn annual US aid to Israel.

Angola 'flexible'

Angola said it was willing to speed up withdrawal of Cuban troops from the country but only if South Africa and the US stopped all aid to anti-government Unita rebels.

Iranian deserter shot

A former Iranian military pilot who deserted in February and asked for political asylum in Switzerland was shot dead by two unidentified gunmen in a Geneva street.

Libyan bombing raid

Chad said Libyan aircraft bombed three towns in the north of the country and carried out further air raids on the disputed town of Aouzou - while the Organisation of African Unity called for renewed peace moves to end the border dispute.

Hi-tech 'smugglers'

Four West Germans and an Austrian were arrested in Puerto Rico and charged with exporting advanced technology US products to Bulgaria, Cuba and North Korea, according to court papers.

EC takeovers plan

The European Commission drafted a set of rules that would protect companies in the European Community from hostile takeover bids.

Rhodes emergency

A state of emergency was declared on the Greek island of Rhodes where forest fires raged for the third day in succession.

Court shooting

Two Sikh extremists burst into a crowded court complex in the Indian holy city of Amritsar and shot dead a prisoner in front of dozens of police, then escaped in a vehicle.

Munich air crash

A light aircraft crashed into a hamburger restaurant in Munich, killing six people and injuring 14. The restaurant and a bus were destroyed by a fire which started after the crash.

Missiles deployed

The Soviet Union said it had begun deploying the SS-20, a long-range mobile missile capable of carrying up to 10 independently-targeted nuclear warheads, but that this did not violate a 1979 arms treaty.

More babies sought

Prime Minister Lee Kuan Yew told Singaporeans they must produce an additional 40,000 babies in the next decade if they wanted to keep the population of their city state from falling dangerously low.

Genghis Khan tomb

China announced plans to build a mausoleum for Genghis Khan in Lanzhou where the Mongolian conqueror died in 1227. His remains, tent, armour and clothes would be moved from a nearby temple.

Sun 'not so old'

The sun is 4.6bn years old - not 5bn as was previously believed - according to data presented by Indian astrophysicists at an international conference on cosmic rays in Moscow.

Pakistan bombs kill 11

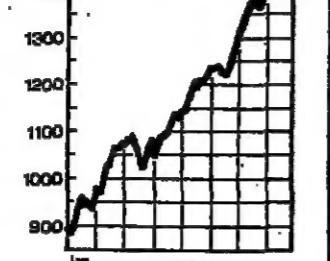
Three bombs exploded in a market town in north-west Pakistan, near the Afghanistan border, killing 11 people and injuring 45.

Wall St shares soar to new highs

WALL STREET shares soared in late trading taking the Dow Jones Industrial average to a record close of 2620.43, up 44.64. Trading volume was the second-highest in the market's history with about 272m shares changing hands. Page 49

CRISCO, largest US banking group, is abandoning a 10-year effort to market an independent credit card and will convert its Choice card to Visa, system owned by member banks. Page 21

SINGAPORE shares rose to new peaks helped by improved corporate results and news that the local economy grew by 7.4 per cent in the second quarter.



against 7 per cent in the first. The Straits Times Industrial Index gained 25.77 to close at a record 1,490.09. Stock markets, Page 48

TOKYO: Buying enthusiasm gained momentum sending shares prices moderately higher. The Nikkei average rose 163.27 to 25,252.97 after rising as high as 25,355 in heavy volume. Page 48

LONDON: UK security markets regained confidence and moved ahead after the announcement of a better than expected figure for June's current account deficit. The FT-SE index gained 33.2 to close at 2,575.4, posting a two-day recovery of 62.2. Details, Page 26

GOLD rose \$2.25 on the London bullion market to close at \$460.75. In Zurich it also rose to \$460.75 (\$460.00). Page 28

DOLLAR closed in New York at DM1.894, SF1.574, FF4.317, Y151.175. It rose in London to DM1.8975 (DM1.8935), to FF4.3275 (FF4.3175), to SF1.579 (SF1.570), and to Y151.70 (Y151.10). On Bank of England figures the dollar's exchange rate index was unchanged at 105.1. Page 29

STERLING closed in New York at \$1.973, it rose in London to \$1.970 (\$1.9675), to DM2.98 (\$2.975), to SF2.9350 (SF2.93025), to SF2.4750 (SF2.4650), and to Y238.25 (Y236.75). The pound's exchange rate index closed at 145.4. Page 29

HAWLEY GROUP, international services company headed by Mr Michael Ashcroft, is planning a major break-up of its Canada-held interests, aimed at realising at least \$250m (\$250m). Page 29

WAL-MART Stores, southern group poised to overtake J.C. Penney to become the third largest US retailer, has reported a better-than-expected 40 per cent rise in profits on a 35 per cent surge in sales for the second quarter. Page 21

BITTER DISPUTE between Silicon Valley neighbours Intel and Advanced Micro Devices over microprocessor licensing has escalated with Intel now seeking revocation of AMD's rights to manufacture some of Intel's most widely-used microprocessors. Page 21

MELLON BANK, Pittsburgh banking group which has been tarnished by heavy loan losses, is to reduce its 19,000-strong workforce by some 10 per cent in an effort by new management to reorganise the troubled group. Page 21

STATOIL, Norwegian state oil company, posted half-year profits of Nkr 4.3bn (\$65m) - a 40 per cent increase on the corresponding period last year. Page 25

CANADIAN PACIFIC, Montreal-based transportation and energy resources group, posted a sharp turnaround in second-quarter, and first-half results.

Britain, France dispatch six minesweepers to Gulf

BY OUR FOREIGN STAFF

BRITAIN AND France yesterday ordered six minesweepers to sail for the Gulf to help protect their waters in the region following the discovery of mines outside the waterway off the coast of the United Arab Emirates.

In London, Mr George Younger, British Defence Secretary, announced that four Hunt class minesweepers and a support vessel would join Britain's two ship Armilla patrol, which escorts British-flag tankers up the Gulf as far as Bahrain. The minesweepers will take about five weeks to reach the region.

At the same time in Paris Mr Andre Giraud, the French Defence Minister, said France would dispatch two minesweepers to 'reinforce' the French naval presence in the region. The aircraft carrier Clemenceau and three other vessels are in the Gulf of Aden en route to the Persian Gulf.

The British Labour Party condemned the Government's decision to send the minesweepers because it exposed the UK to a situation outside its control. It said the move amounted to a 'U-turn' on its position of 11 days ago not to accede to US requests to assist in minesweeping.

The decision appeared to mark the first concrete sign of co-ordinated allied action on the Gulf, and bring a further increase in the already large

ON OTHER PAGES

● Hard task ahead for minesweepers; US seeks international naval force; insurers raise shipping rates for Gulf of Oman; White House welcomes British ships; France re-

number of foreign warships in and around the Gulf at a time of rising tension. The US, which will have 24 ships and 15,000 military personnel in the region in the next few weeks, warmly welcomed the British and French moves.

Mr Casper Weinberger, the US Secretary of Defence, raised the possibility of an international minesweeping force that would swing into action anywhere in the world if there existed a threat to commercial shipping from mines.

The US, which is short of minesweeping capacity, supports the idea of a Western mine-sweeping consortium to act as a backup to its naval task force engaged in escorting and protecting eleven Kuwaiti oil tankers running up and down the Gulf.

But British officials in Washington played down the idea that an international co-ordinated effort was imminent, saying that the UK preferred to wait on an informal basis with the Americans in the Gulf and did not want to operate under a long chain of command. An in-

ternational effort also raised the question of whether the Soviet Union should be included, an official pointed out.

The decision by Britain and France to send minesweepers to the Gulf comes little more than a week after five European countries, including Britain and France, jointly rejected a US request for assistance. This followed the damage inflicted by a mine on the reflagged Kuwaiti supertanker Bridgeton during its first voyage through the Gulf under US naval escort.

However, both Mr Younger and his French counterpart emphasised yesterday that the minesweepers were being sent purely to assist British and French warships, and not as a response to US pressure on them to assume broader responsibilities. The role of the Armilla patrol, which consists of two frigates backed up by a destroyer outside the Gulf would remain unchanged, though Mr Younger said Britain would like to see those of its allies with 'suitable assets' make a contribution to Gulf minesweeping.

The British minister said the

decision had been prompted by the mining of the Panamanian-registered oil tanker Texaco Caribbean in the Gulf of Oman off Fujairah on Monday, which represented an expansion of the dangers faced by Gulf shipping.

Three more mines were discovered yesterday floating in the same region. It is being widely assumed that Iran is responsible, though Tehran radio yesterday suggested that the mines may have been planted by the US.

Reaction from other European countries approached by the US for assistance was mixed. The Dutch Foreign Ministry said it would support an international flotilla under a United Nations flag. The West German foreign ministry said the decisions were a British and French matter. It said Bonn was continuing to concentrate its attention on diplomatic efforts over the Gulf in the United Nations Security Council, of which West Germany is the chairman, though it would do what it could to fill any gaps in Nato mine-sweeping capacity left by the British and French vessels.

The United Nations Security Council was due last night to resume private deliberations on the Gulf war following its call three weeks ago for an immedi-

Continued on Page 20

London trade figures carry markets higher

BY JANET BUSH IN LONDON

LONDON FINANCIAL markets yesterday continued to recover from their dramatic losses last week, responding positively to news that Britain's trade deficit had narrowed considerably in June from May's substantial shortfall.

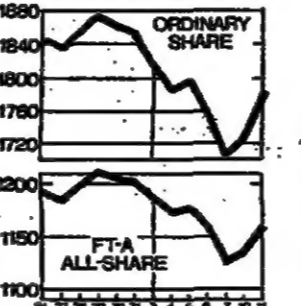
The Department of Trade and Industry said Britain's visible trade showed a deficit of £708m (£1.22bn) in June, compared with the high of £1.15bn in May. Although this was in line with expectations, markets were still visibly relieved after last week's concern that the figures could be much worse in view of the Government's decision to raise interest rates by one percentage point.

It now appears clear that the decision to raise rates was based genuinely on a judgement of domestic monetary conditions and concern to pre-empt a build-up of inflationary pressures in the economy.

Markets have now switched focus to tomorrow's figures for unit wage costs and average earnings and will then turn their attention to next Thursday's money supply figures for July for more pointers to monetary conditions.

Mr John Banham, director-general of the Confederation of British Industry, hailed yesterday's trade figures as evidence that market worries about the

FT Indices



economy overheating were unjustified.

For the stock market to react to the Chancellor's recent moves by wiping off share values the equivalent of almost six months' gross trading profits for the whole economy in two days can only be described as short-termism of the worst kind, he said.

Yesterday's trade figures and Monday's better than expected statistics for industry's costs and prices have helped the equity market to a two-day recovery of 48.2 points on the broad FT-SE 100 index. The index closed 33.2 points up yesterday at 2,575.4, while the FT Ordinary index gained 30.0 to close at

1772.0.

UK government bond prices closed with gains of up to 3/4 point, leaving yields on longer-dated stock still only a whisker below 10 per cent.

The immediate reaction to yesterday's figures was confused by chaotic conditions on the London International Financial Futures Exchange. An incorrect price for the long gilt future contract appeared to have been fed into Life's electronic system, completely mystifying traders and leading to a dramatic, temporary fall in the contract which unsettled other markets.

Sterling's trade weighted index closed unchanged from its opening at 72.3, up on Monday's 71.9. It closed at DM2.9800 compared with Monday's closing DM2.9675 and at \$1.9700 after \$1.9675.

Although yesterday's figures provided evidence that May's sharp deterioration in the trade balance had been something of an aberration, they nevertheless confirmed some worrying trends.

The export boom seen at the turn of the year appears to have run out of steam and imports, after being relatively depressed early this year, have picked up sharply.

Lex, page 28; London stock market, page 26

UK bank increases presence on Wall St

By David Lazzarini, Banking Editor, in London

LLOYDS BANK of the UK is to increase its Wall Street presence by buying a 25 per cent interest in Weiss, Peck & Greer, a New York investment management firm, for \$67.5m (\$63m).

It comes a week after National Westminster Bank's \$820m acquisition of First Jersey National, New Jersey's fourth largest bank, and underlines the continuing strength of UK bank interests there, even though several UK financial institutions have been forced to withdraw because of problems.

The stake, which it will have the option of increasing to just under 50 per cent when US banking regulations allow, would give Lloyds an opportunity to build a larger presence in the US investment market, said

Continued on Page 20

S Africa drops colour bar ban on black miners

BY JIM JONES IN JOHANNESBURG

THE LARGEST gold and coal mine strike in South Africa's history, involving at least 220,000 black workers, went into its second day yesterday with violence reported at several mines. One working coal miner was said by his employers to have been murdered.

Meanwhile, 'job reservation' or the colour bar has been dropped without fanfare at South Africa's mines. The move, one of the most significant for decades, passed almost unnoticed as attention has focused on the strike of between 220,000 and 340,000 black miners.

Late on Monday, parliament voted to abolish the definition of 'scheduled person' contained in the Mines and Works Act, which has effectively barred blacks from occupying supervisory line positions at mines for over 75 years. In future, all races should have access to all mining jobs.

Officials of the black National Union of Mineworkers, which called the strike, said yesterday that at least 14 miners had been injured and 15 members of local strike committees arrested. But Johann Liebenberg, the Chamber of Mines' labour ad-

viser, said that few cases of violence or intimidation had been reported and that the Chamber was particularly happy that violence had not escalated.

By late yesterday afternoon, neither side was preparing for talks about a return to work. The Chamber is sticking to its earlier position that once the wage increases it has granted are accepted by black miners it would be prepared to talk about other improvements to the men's terms of employment.

Mr Cyril Ramaphosa, leader of the NUM, has restated his union's position that it is prepared to resume talks on wage increases at any time. There are no official estimates of the strike's effect on gold production, although it seems that about half of the industry's total production capacity has been made idle.

A crucial strike vote was due to be held at the Rand Refinery yesterday. The refinery processes all the country's gold and if it is shut the production of pure, saleable gold would be halted almost immediately.

Mr Liebenberg's views on the level of violence are contradicted.

Continued on Page 20

S Korean minister warns strikers

BY RICHARD GOURLAY IN SEOUL

SOUTH KOREA'S Labour Minister yesterday warned of government intervention if the country's economy was threatened by the current wave of labour unrest and forced temporary closures.

Mr Lee Hun-ki's statement signals a departure from the Government's previous policy of letting employees and management settle disputes, but he did not elaborate on what form intervention might take.

It follows a burst of strikes in the two weeks after President Chun Doo Hwan bowed to opposition demands for democracy. Mr Lee said the strikes have cost the country \$50m in lost exports and \$125m in lost production. He urged management to accept as many of the demands as possible and called on employees not to demand immediate improvements in wages and conditions.

Over 140 companies, including Samsung Heavy Industries and Daewoo Motor Corporation are now affected by disputes which, until recent moves to-

wards introducing democracy, were almost unknown.

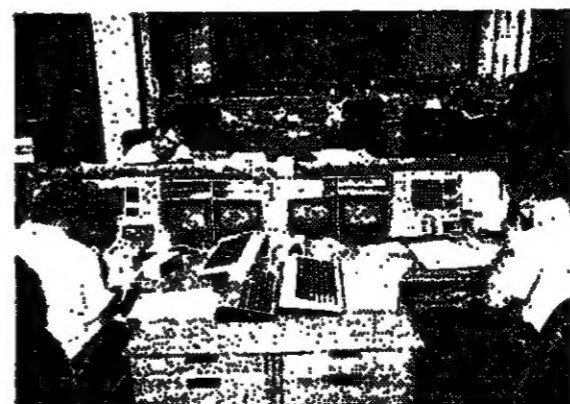
Opposition leaders have also called for restraint. They fear that the transition to democracy might be jeopardised by the strikes, but calls for moderation appear to have gone unheeded.

The strikers' demands relate as much to improving working conditions as increasing wages. Employees in some companies, such as the Korea Heavy Industries and Construction Company, have demanded the resignation of their union leaders as part of a settlement claiming that the existing officials are 'pro-management'. Industry unions are banned by law.

The Hyundai Motor Company resumed production on Monday after a four-day stoppage, but have threatened to strike again in a week unless the company produces improvements in salaries and working conditions.

The pro-government federation of unions says Koreans work more hours each week than any other nation and earn as little as \$120 a month.

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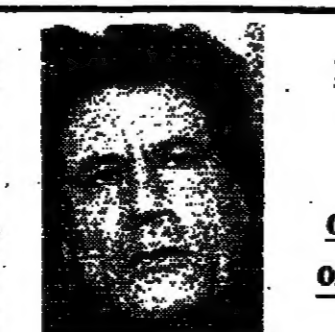
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Col Gaddafi, whose reputation is being sorely tested by defeats in northern Chad, Page 2

PUSHING BACK ONTO THE OFFENSIVE

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Britain's inner cities: too many fingers in the urban pie 18

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Near air misses: on a wing and a prayer 19

Lex: General Accident; Hawley Group; Lloyds Bank; Markets 20

Bank of Spain warns against economic boost

BY DAVID WHITE IN MADRID

SPAIN'S SOCIALIST Government has received a warning from its central bank not to boost the economy further, despite signs that a recent growth spurt—putting the country well ahead of its initial 3 per cent target for the year—is slowing down.

The half-year Bank of Spain report, calling for wage moderation and tighter control of public spending, comes as a shot across the bows of the trade union movement, which is due to resume preliminary talks on a framework labour pact next month.

The revival of a labour consensus has become a main concern for Mr Felipe Gonzalez, the Prime Minister, following a series of conflicts earlier this year and setbacks for the Socialist party in local elections in June.

The Bank of Spain said there were grounds for expecting medium-term growth without any need for artificial stimulation. This appeared to be a direct response to the Government's statement in the wake of the elections that there might be a "slight adjustment" in economic policy.

Growth during the first half of the year was estimated by the bank at 5 per cent. A 2.5 per cent rate in the second half would be sufficient to achieve 4.1 per cent growth for the year, it said. Investment was expected to grow by 12.5 per

cent, pursuing last year's strong 14.3 per cent recovery, and the trade balance would continue to suffer as a result of the strength in domestic demand. Imports were seen increasing by 13 per cent for the year, compared with a 3.6 rise in exports.

This, the bank said, could lead to a \$5.5bn increase in the merchandise trade gap, which according to government figures stood at \$6.3bn last year. Spain's current account was expected to remain in surplus, however.

The report warned of the risks entailed in trying to maintain growth rates for domestic demand and output sharply above the rest of the European Community.

The central bank put its weight behind the Government's hopes for bringing inflation down to 5 per cent for the year, against 8.3 per cent in 1986.

However, it hinted at a slight easing of the monetary targets which were set at the beginning of the year. These targets, based on a middle rate of 8 per cent for growth in widely-defined money supply, were overtaken in spring, leading the central bank to push up short-term interest rates and to discourage speculative inflows from abroad. In its report, the bank calls for flexibility to take into account the higher-than-expected growth in the economy.

Moscow gives ground on chemical arms checks

THE SOVIET UNION said yesterday it had agreed to quick, compulsory checks by foreign inspectors of suspected breaches of a proposed ban on chemical weapons, reversing a position it held only a year ago, Reuters reports from Geneva.

Its chief delegate, Mr Yuri Nazarkin, set out details at a session of the 40-nation Geneva Disarmament Conference of the Soviet proposal for "challenge inspections" of chemical arms sites or production plants at 48 hours notice without right of refusal.

In an initial reaction, a spokesman for the US delegation welcomed the move, saying it indicated the Soviet Union had recognised that such "challenge inspections" must be mandatory to be effective. One Western delegate said privately it brought Moscow's position "as near as a whisker" to a 1984 US proposal for

compulsory on-site inspections that the Soviet Union had in the past dismissed as unrealistic, discriminatory and open to abuse for spying.

US-Soviet differences over the inspection issue have for years been the main obstacle to progress towards an international treaty to outlaw chemical weapons and destroy existing stocks.

Mr Nazarkin elaborated on a speech to the disarmament forum last week by Mr Eduard Shevardnadze, the Soviet Foreign Minister, heralding Moscow's changed attitude. He reiterated a call by Mr Shevardnadze for an early conclusion of a chemical arms treaty and proposed that the conference, due to adjourn on August 28, should hold an additional session from mid-November until the end of the year to complete most of the drafting of an accord.

Brokers try to calm fears about Milan bourse

By John Wyles in Rome

ITALIAN BROKERS were last night urging investors not to panic in the face of a further steep fall in the Milan stock exchange which had plunged down to its lowest level this year.

After a bull market lasting more than two years, it seems that many investors are becoming seriously alarmed by this month's startling evidence that what goes up can also come down. The public shock has been all the greater since previous Augusts have regularly provided a rising market.

After falling 3.53 per cent on Monday, the largest daily decline since June last year, the Milan stock index closed yesterday at 659, 2.65 per cent down on the day. In six consecutive sessions, the index has fallen by 8.58 per cent and reduced the market's total capitalisation by around 118,000bn (23.7bn).

It remains to be seen whether signs of a slight recovery in yesterday's afternoon trading survive the demoralising and highly amplified television and newspaper coverage of the market's slide.

Fearing that the decline is feeding off itself, Mr Polito Boaretto, the manager of equity trading at Banca Nazionale del Lavoro, urged investors to "sit tight and wait."

Explanations for the "cold bath" encompass matters technical, financial and international political. The crisis in the Gulf is triggering fears of ultimately higher oil prices which will damage Italy's heavily deteriorating trade balance.

Until now, the evidence of a growing trade deficit this year has largely been attributable to the differences in growth rates between Italy and its main trading partners. Many foreign as well as Italian investors are, therefore, reacting nervously to rumours of a possible lira devaluation.

Paradoxically, the sense of uncertainty has sharpened since the new Italian Government came into office a week ago. Business as a whole is waiting anxiously for a clear sense of economic direction after many months of drift.

Some analysts believe that the correction to both technical and desirable, removing much of the speculative froth which built up in the market last year. However, with the few of savings into mutual funds dropping sharply from the levels of 1985-86, there is less money around to underpin the market.

Belgian industry sceptical about tax reform

BY WILLIAM DAWKINS IN BRUSSELS

BELGIUM'S MOST radical tax reform package for 25 years was yesterday greeted with relief by stock market investors, but drew a sceptical initial reaction from industry.

The scheme was agreed a day earlier, following a tense 20-day struggle between the four parties in Belgium's centre-right coalition Government. It aims to support private enterprise by cutting income tax — to be partly offset by reductions in capital allowances for industrial investment — while reducing the country's burgeoning budget deficit with the help of a limited privatisation programme.

If all goes to plan, the package should reduce the deficit from next year's estimated 8.1 per cent of gross national product to 7.4 per cent. That represents a cut of Bfr 15bn (23.45m) in next year's budget shortfall to Bfr 405bn.

The first reaction from the Fédération des Entreprises de Belgique (FEB) was that its members were being made to pay too heavily for the scheme and that the deficit cut was inadequate. Despite industrialists' scepticism, Belgian share prices rose in response to the news of the tax package.

At the heart of the package is a Bfr 89bn income tax cut, equivalent to roughly 5 per cent of the Government's total income tax take, to be phased in over the four years from 1989 to 1992. The main beneficiaries will be senior management, who get a cut in the top marginal rate from 72 per cent to 50 per cent over the period, and families with two incomes, where parents will be taxed separately, rather than on their

combined salaries. Average tax rates will also come down. The Belgian Treasury aims to recover around two-thirds — Bfr 60bn — of the Bfr 89bn income tax giveaway directly. It plans to get Bfr 30bn back by widening the tax base to include more privately employed people. The rest is expected to come through higher

corporate taxation, including a cut from 13 per cent to 5 per cent in capital allowances for new investment and the reduction or ending of a range of other tax-free allowances, a measure which is likely to draw criticism from Belgian industrialists.

"Our members' industrial investment went up by 35 per cent between 1984 and 1987. Now it is possible that when they have to choose between investing here in Belgium and somewhere else, they will

choose somewhere else," said a spokesman for the FEB. Those direct tax recovery measures leave the Treasury short of another Bfr 30bn or so if it is to recover the tax cuts fully. This will be at least partly made up by a hoped-for boost in consumption and entrepreneurial activity generated by the scheme. Budget Ministry officials said yesterday. But if this fails to materialise, the Government plans to revise the plan in 1991 or 1992.

The largest single part of the deficit cut — Bfr 60n, estimates the Government — will come from partial or total sales of nationalised companies. These include the country's national airline, investment and savings banks and a gas utility. Also proposed is a controversial scheme to raise Bfr 3bn by taxing foreign drivers on Belgian motorways.

The scope for tax cuts have been limited by the size of the deficit, while the Government's scope for cutting the shortfall has been equally constrained by the prospect of local elections next year. But while the package is far from revolutionary (the deficit cut goes far short

of what Mr Guy Verhofstadt, the Budget Minister, would like to have achieved), most observers accepted that it is a far reaching — even if not quite radical enough — attempt to tackle Belgium's economic problems.

These include an increasing drain on social security payments caused by growing unemployment — up from 5 per cent to 12 per cent since 1973 — and by an ageing population. Domestic consumption has been hit accordingly, while the Government's ability to increase its income tax take has been hindered from the fact that, until Monday's agreement, income tax brackets were not fully indexed.

Industrialists, however, agree with Mr Verhofstadt that the package should have been tougher. The FEB has been lobbying for a much sharper cut in the budget deficit, to around 4.5 per cent of GNP, which it reckons is the minimum needed to stabilise the growth in interest payments on state debt. "We would like more than that — but then we have to accept that 1988 is an election year," said the FEB.

Solidarity turns to the courts

BY CHRISTOPHER DOBINSKI IN WARSAW

THE POLISH authorities are coming under pressure from rank-and-file Solidarity union members intent on securing the right to their own union through the courts. Yesterday a high court judge in Warsaw heard appeals by four groups of workers from four separate factories all of whom have had applications to register as a union dismissed by local courts.

The judge told the crowded Warsaw courtroom that he would deliver a verdict in the cases, three from Torun and one from the Warski shipyard in Szczecin, on August 25.

The case is embarrassing for the Polish courts and the

Government as they are legally bound by the Geneva-based International Labour Organisation convention, which allows an unlimited number of trade unions. Polish law has restricted this to one union per factory since 1982.

The high court last January dismissed similar applications from the Szczecin area but other groups, in addition to the four heard yesterday, are preparing to try. The organisers of the cases see them as an effective way of reminding both the Government and shop floor of Solidarity's right to a legal existence.

The applications to register the union also mark a concession by the workers to the authorities in that they recognise the 1982 trade union law which severely limits the right to strike and was condemned at the time by the underground Solidarity cells exist in some of the plants involved but they have not opposed the move.

So far the police have merely questioned the organisers of the applications and only in Szczecin were those involved threatened with dismissal or worse by plainclothes policemen, while some signatories were roughly handled.

Zhivkov seeks to bring party down to earth

BY JUDY DEMPSEY IN VIENNA

THE BULGARIAN Communist Party should abandon megalomania, falsehood and ostentation and adopt a more business-like, efficient way of working in order to forge closer links with the society. The new party style was announced by the Bulgarian news agency, BTA, in Sofia yesterday, following sweeping changes in both party and state announced at a party plenum by President Todor Zhivkov.

The new functions of the party were not spelt out at the plenum but yesterday it was clear that an overhaul was

going to take place within the party's ranks and organisation.

Ceremonies, pomp and "needless advance orchestration" are now to be discarded. Instead, reported BTA, the party must get used to the idea of being opposed on certain issues. During the plenum discussion, Mr Zhivkov proposed the idea of giving the National Assembly more powers, as well as strengthening what he called "self-managing organisations," which if put into effect, could weaken some of the powers of the party.

Swedish yuppies learn to open the champagne with discretion

BY SARA WEBB IN STOCKHOLM

IF YOU are a young, urban professional, pushy and rich to boot, you do not want about it in Sweden. It is not the done thing. That, at least, seems to be the moral of the following story.

A young man of 22 (call him Mr X, since he no longer wants his name in print), worked as an options trader at Jacobson & Ponsbach (known as Japo), one of the leading brokerage firms. He gave a candid interview to the daily newspaper Dagens Nyheter (DN) in which he described his lifestyle and ambitions.

He said he earned SKr 30,000 (22,000) a month — more than the country's finance minister, the newspaper duly pointed out, likes to meet up with friends in Cafe Opera (a favourite spot among Swedish yuppies and social butterflies, and considered one of the "in" places to be seen) where he occasionally clinches a deal over a glass of beer or a bottle of champagne (priced at SKr 600 for a bottle of Dom Perignon or SKr 375 for Moët Chandon).

He likes to eat well and loves working at the hub of Stockholm's financial district, an area dominated by the old Wallenberg and Kruusger buildings, the pillars of Swedish capitalism.

"The place smells of money — that's what I first thought when I came here and still do. The building facades radiate power and success," he told DN. His idols and role models include businessmen like the flamboyant Mr Jan Stenbeck (who controls the conglomerate Kinnevik) and the more reserved Mr Eric Persner, who controls the Nobel Industries group.

"It's not my ambition to create wealthy people but to do things for myself," he told DN. In essence, Mr X is not unusual by City or London standards, except perhaps in the size of his pay cheque, which at that level is subject to a tax rate of about 59 per cent. But with a week of giving the interview, he was no longer at Japo.

The reaction at the company after the article was bad, he said, though he now he had already planned to leave the firm for various other reasons. The article made that choice

somewhat easier and he now works at another leading brokerage firm.

In a country which is otherwise blessed with openness, such attitudes appear strange. Yet, as Mr Gabriel Urwitz, who at the time was president of Japo, explained to DN, "one does not talk about money and crawling in this way. It is bad judgment. If you earn a lot of money, you keep quiet about it."

European Diary

Sweden

The Swedes had an old phrase for pushy young men who make their name in the financial world — they were called unga lejon or young lions — and included men like Anders Wall, who controls the financial trading and industrial group Beijer and who showed flair and skill in bringing together a multi-million dollar financial empire.

Today, the young lions and lionesses tend to be called snabba klippor men (for people who make a fast buck) just because they're cheeky and do not always keep quiet about their money.

They tend to be flashy, show a certain amount of individuality and (probably worse of all by traditional Swedish standards) they are ambitious and careerist. Standing out from the crowd is not universally admired here and Scandinavians tend to respect the fönstegen, an unwritten law that no one should try to be any better than the rest of the crowd.

In the past three or four years, attitudes have changed considerably, but you have to remember that this is a socialist

country and there is a certain amount of resentment and envy," said one options trader who naturally asked not to be mentioned by name. "Employers here generally tell their employees not to talk to the press about their lifestyle."

If Sweden's younger generation violates the traditional values of society, it is largely due to the blossoming of the financial markets over recent years. The stock market is booming, the options markets (two, rather than just one) have sprung up in a couple of years and Mr Kjell-Olof Feldt, the Finance Minister, widely regarded as coming from the right wing of the Social Democratic Party, has won much admiration from the business community for his reforms and moves towards liberalisation and deregulation.

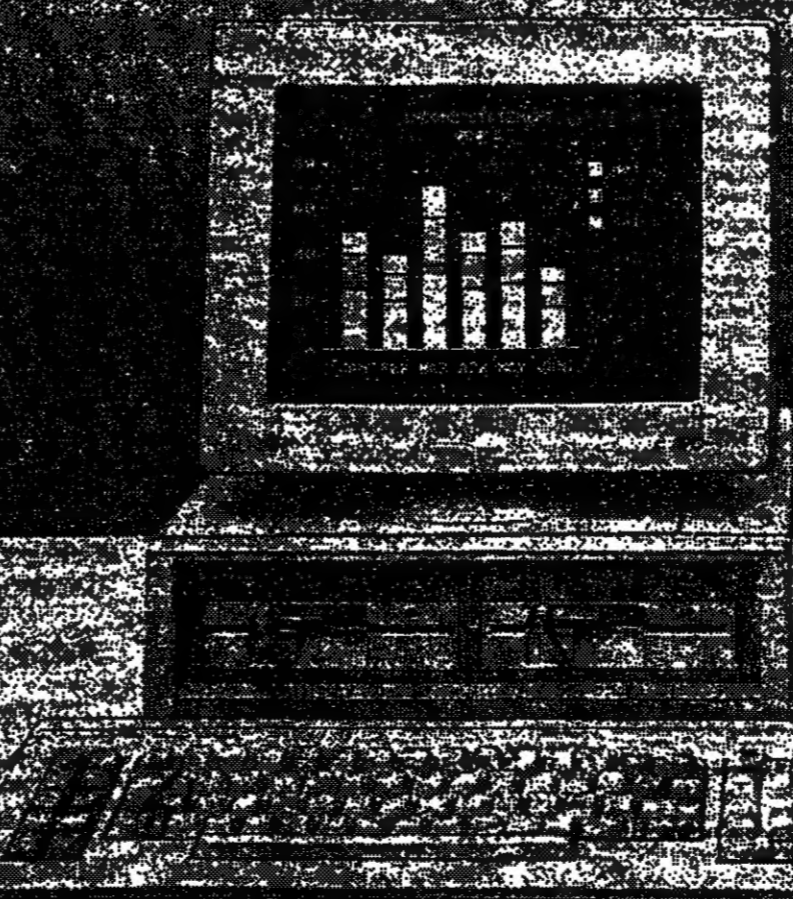
That he has unwittingly helped to create the Swedish yuppie is less appreciated. As one political commentator put it: "Even in the working class there are many who accept a bourgeois lifestyle with a house, car, sailing boat, large credit allowances and significant credit card debts... Have the Social Democrats lost their overalls?"

Mr Stig Malm, leader of the Swedish Trade Union Confederation (LO), takes a dim view of the financial whizkids who shuffle megabucks at the touch of a computer key. "It is time for the Government to stop the flow of champagne and take the financial whizkids by the scruff of the neck," he told a recent gathering of the Social Democratic Party's youth.

He has strongly criticised the "speculation economy" in which money is "shovelled around between the actors on the exchange floor and the Reuters screens" instead of being properly invested to create new jobs.

But his real worry seems to be that members of the new generation will adopt a less ethical and moral stand when tempted by large amounts of money at such an early stage in their development. They might start to think more about themselves than about society as a whole or even try to emulate the imported soap opera world so readily served up on Swedish television.

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AMERICAN NEWS

US liberals stage \$1m fight over Contra aid

LIBERAL groups opposed to President Reagan's pro-Contra policies are mounting a \$1m television and lobbying campaign aimed at persuading Congress to reject further aid for the Nicaraguan rebels AP reports from Washington.

The effort, spearheaded by the activist groups, Citizens Action, Neighbor to Neighbor Action and Witness For Peace, will feature television commercials urging people to telephone their congressmen. Sponsors say they also will organize groups to travel to Washington and lobby in person.

"It's mobilising public opinion that's there already. In many cases it's latest public opinion," said Fred Ross Jr., director of Neighbor to Neighbor.

The group plans to begin airing its media spots at the end of the month, anticipating that Congress will vote on Contra aid in September.

A \$100m Contra aid package runs out on September 30, but it is unclear when the administration will send a new aid request to Congress.

The White House on Monday declined to discuss when the administration would seek more Contra aid, saying President Reagan would "wait and see" the progress of a new peace plan signed last weekend in Guatemala City by the presidents of five Central American nations.

That plan calls for a ceasefire, steps toward democracy in Nicaragua and an end to foreign support for insurgents in the region.

The campaign, called Countdown 87, will target six senators and 23 House members considered swing votes because they do not have consistent voting records for or against the Contras.

Countdown 87 recently conducted so-called focus group studies to learn how the public feels about the administration's support for the Contra rebels fighting the leftist government of Nicaragua.

"There was no enthusiasm for Contra aid," said Countdown 87 spokesman Nick Allen. "People know they want to stop communism, but they don't want to support the Contras to do it."

He said the television ads will raise the issue of US troops being sent to Nicaragua.

Jim Wright's bold leadership may herald the revival of a bipartisan approach in US politics, writes Lionel Barber
Contra gamble pays dividends for brave new House speaker



Jim Wright: leading with his chin

OUTSIDE the White House Mr Jim Wright, speaker of the House of Representatives, stepped towards the cameras and in these familiar silken tones from North Worth, Texas, proclaimed a new bipartisanship between President Reagan and the US Congress on Central America.

Mr Wright's judgment last week may yet be premature, but few doubt that his role in talks aimed at ending the civil war in Nicaragua and El Salvador has been a bold exercise in political leadership.

In three hectic days, Mr Wright won the virtually unanimous opposition of House Democrat colleagues, nudged the five Central American leaders to an outline agreement and shifted the debate in Washington about the region's conflicts away from military to diplomatic solutions.

In the past, the 64-year-old Mr Wright — a keen boxer until well into his 50s — has been accused of leading with his chin. A redheaded tough, he is not one of nature's diplomats. All of which left the cynics crowing last week that he had talked into a trap laid by his arch-rival Ronald Reagan — a view which certainly misjudges the man and his motives.

Mr Wright has suffered under the presidency of Ronald Reagan. In 1981, when he was House majority leader and next in line to succeed the genial Irish Republican Thomas "Tip" O'Neill as speaker, he lamented his inability to swing Democrat votes in the House against the President.

Time and again — on tax cuts and budget policy — he found himself swept aside. "This has been the hardest year I've experienced in the Congress," said the Texan. "If they were all like this I'd have to have my head examined to stay in the job."

When he finally took over as speaker this year, Mr Wright, who was first elected to the House in 1954, had some very clear goals. With a Democrat majority back in the Senate after the 1986 mid-term elections, he was determined to fashion a domestic legislative record with Senator Robert Byrd of West Virginia, the Democrat majority leader in the run-up to the 1988 Presidential campaign. It was vital, he felt, for the Democrats to show they could be the party of government.

The Central American peace initiative fits into this category of constructive action, though as one House Democrat said this week privately: "A lot of

it has to do with glory. Jim sees his role as someone who makes things happen."

If the gamble was high-profile, it was also certainly high-risk. The Democrats are deeply split on the question of aid to the rightist Contra rebels fighting the Sandinista Government in Nicaragua. While some abhor the idea of the US fighting a war in its own backyard through a surrogate army, others deeply distrust the intentions of the Sandinistas.

President Reagan, playing on those fears, was able to secure

Honduras, Guatemala and Nicaragua.

After the 1982 elections in El Salvador, Mr Wright, breaking with his Democratic colleagues, voted for a renewal of US aid to the Government. At a time when the right-wing death squads in the Salvadoran military were far from forgotten, it was a brave move. But Mr Wright reckoned President Duarte deserved a chance — and today he is ready to credit Mr Reagan with a successful, non-military policy to create democracy in Central America.

It is doubtful whether Mr Wright was the initiator of the Nicaraguan initiative. Those close to him say that the original approach came from Mr Tom Loeffler, a former Congressman from Texas, recruited by the White House as a lobbyist for Contra aid to replace Mr Elliott Abrams, the abrasive assistant Secretary of State. When the votes were counted, it quickly became apparent that President Reagan had little chance of securing a new round of military aid by September 30 (when the current \$100m runs out). Mr Loeffler floated the idea of a peace initiative. Texas talked to Texas, and the word went back to the White House that a bipartisan approach was a possibility.

To Mr Howard Baker — the former Senate Republican majority leader who became White House chief of staff this year — it must have seemed like old news back on Capitol Hill. Of course, both sides made shrewd calculations. According to one account, Mr Baker secured the support of Mrs Nancy Reagan, First Lady, in what was obviously a risky political enterprise. Others say the Democrat strategist, Mr Bob Strauss, was privy to the deal and all agreed it was vital to bring in Mr George Shultz — US Secretary of State — who had just emerged from purdah after his convincing testimony to the Iran-Contra Committee.

Mr Caspar Weinberger, US Defense Secretary, was by contrast left out completely. So were the Contra leaders themselves, who happened to be in Washington on a lobbying tour for more US aid. Mr Wright's touch of class came with his realisation that a bipartisan plan between President Reagan and Congressional leaders would give the two days of talks between Central American leaders in Guatemala City, starting on Thursday.

Having checked with the Nicaraguans and the Costa Ricans, he realised that Managua would have great difficulty in rejecting a US plan and the Arias peace plan.

On the other hand, Mr Wright managed to persuade the House minority leader, Mr Robert Michel, that the Republican leadership should follow him. By including Mr Michel in the talks at an early stage — and arguing that the votes and arguments were not there for Contra aid — he also won over the President.

Equally, many conservatives had little idea that events in Guatemala City would move so fast. They calculated that the diplomatic option would probably fail. Mr Wright and his fellow Democrats would then be cornered and Contra military aid in the bag.

Mr Wright's catalytic role contrasts sharply with the style of the previous speaker, Mr O'Neill, who liked to close himself for hours with colleagues before moving. If he was a cautious coalition builder, Mr Wright is a decisive if impatient leader.

His reputation this week has undoubtedly been enhanced and he is temporarily consigned Senator Byrd to the wings. What Mr Wright's colleagues now want to know is whether this display of bipartisanship is a one-off or whether it is an important harbinger of a new policy-making, notably the bloated federal budget. If Jim Wright has his way, it will.

Bankers grow impatient at Brazilian preoccupation with domestic issues

Ivo Dawanay and Stephen Fidler assess the impasse over Brazilian debt payments

If Brazil's bank creditors do not have enough to worry about, then they might consider that — a month after the moratorium on all payments on \$68bn in loans — the bulk of the country's political establishment is all but ignoring the debt crisis.

Still immersed in the paper mountain thrown up by the new draft constitution, leading politicians and their factions are concentrating instead on a text which, for several days, has made or broken their chances of a bid for the presidency.

When Mr Luiz Carlos Bresser Pereira, the Finance Minister, briefed party leaders after his US visit last month, the hostile reaction to any kind of deal with the International Monetary Fund appeared little more than the customary knee-jerk.

Almost certainly this disguised a growing realisation within Brazil that some compromise must be reached. But any hopes that the response

was merely tactical brinkmanship can be dismissed. Compromise may be in the wind, but not yet.

For the banks, particularly those from the US, time is ticking inexorably away, however. With no payments of either interest or principal imminent, American bank regulators must decide in October whether to categorise Brazilian loans "value impaired." They could act sooner.

Such a move would force the banks to place a reserve initially of 15 per cent, against their exposure. It would also markedly escalate tensions between the two sides.

The regulators' decision, following the downgrading of Brazilian loans to sub-standard last March, will be heavily influenced by whether Brazil makes any attempt to catch up on its interest arrears.

New York bankers say that

prospects for a new loan and rescheduling agreement — Brazil wants some \$7bn in new money for 1987-88 — are being jeopardised if the were forced to establish new reserves. According to reports in Brazil, in addition to a "menu of options" including debt-for-equity swap programmes, the banks are seeking some \$400m — about 25 per cent of unpaid interest — as a goodwill gesture.

Goodwill, while abundant at Mr Bresser's appointment in April, suddenly seems in short supply. It now emerges that the new minister has been seriously disillusioned both by the strong view he heard on his US visit and the unpromising political climate at home.

Most of all, Mr Bresser appears shaken by the apparently rigid position being taken by sovereign country creditors in the Paris Club and the US Government itself. As

one New York analyst put it: "The governments have decided to sacrifice the banks to play tough with Brazil."

Only with this attitude abroad, and at least publicly, total intransigence at home, Mr Bresser's conciliatory strategy looks in danger of collapsing. Last week, news that the banks' negotiators were promising smaller creditors of a tough stance, provoked Brasília to warn that no interest would be paid whatever until foreign reserves recovered and real progress emerges in the forthcoming talks.

What has clearly angered Mr Bresser is the lack of sympathy abroad for his strategy of creating a smoke-screen around a return of the country to the International Monetary Fund. This rested on the banks accepting that rescheduling talks with them could near completion before the IMF, and the key ques-

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Top US Bank Exposure to Brazil and LDCs (\$bn)		
	Brazil	All LDCs
BankAmerica	2.7	10.0
Man. Hanover	2.3	8.4
Chase Manhattan	2.7	8.7
Citibank	4.6	18.4
Chemical	1.5	6.0
J.P. Morgan	1.9	5.0
First Chicago	0.75	2.8
Bankers Trust	0.85	4.0
Wells Fargo	0.4	1.9
Security Pacific	0.6	1.9

* Less developed countries (Source: ISCA) (Brazil figures as of end-1986, LDC figures as of June 30)

US Eximbank to offer funds through UK bank

THE US Export-Import Bank and the new trade financing subsidiary of Standard Chartered, the British bank, have joined forces in a unique venture to finance up to \$100m in exports to four African nations.

Under the new scheme, Standard Chartered Export Finance (SCEFL) of London will provide \$85m in Eximbank loans or guarantees through its worldwide network of 2,000 affiliated companies and offices. The subsidiary banks will act as agents for SCEFL and will guarantee all commercial risks for loans to Cameroon, Kenya, Ghana and Zimbabwe.

Eximbank, drawing funds from its fixed-rate intermediary loan programme, will guarantee all transfer and political risk. The agency says the new venture will enable SCEFL to increase

its business in Africa without raising its country exposure. The unusual marriage of the two parties is a natural pairing, according to Mr Michael Madden, general manager of Standard Chartered. With a century of experience in Africa, the bank has a deep knowledge of the few banks which can make use of the credit effectively," he said.

Although Standard Chartered handled several credit lines for the UK, it is the first time it is working closely with Eximbank. Mr John Bohn Jr, Eximbank chairman, has recently put into place a series of agreements of the Bank's programmes and vowed to increase its competitiveness. He has also suggested that the official export agencies should be encouraged to play a larger role in helping in-

debted nations grow their way out of debt.

The latest scheme, he said, "will help US exporters to penetrate markets that have traditionally been dominated by British or French exporters."

Over the next year, the facility will provide 85 per cent financing for individual transactions of \$50,000 to \$5m for the sale of US manufactured goods and services. Eximbank said most of the credit is likely to go for construction and agricultural equipment in Kenya, Ghana and Cameroon.

Zimbabwe has already asked for bids for an iron ore project, a cold belt storage plant, an airport expansion and electrical generation equipment for which the financing would be available.

Japanese telecom battle restarts

THE RACE is on again between the two consortiums seeking licenses to operate new international telecommunications services in Japan.

The battle was interrupted for several months as Japan's Ministry of Posts and Telecommunications attempted to engineer a merger between the two. In the process, it caused a major row between Japan and Britain because of British fears that the merger discussions were aimed at preventing the emergence of significant foreign participation in the Japanese telecom market. Cable and Wireless of the UK is a leading partner in International Digital Communications one of the consortiums.

The merger negotiations finally collapsed last week and IDC said in a statement Monday it "would like to be prepared to file an application during September."

International Telecoms Japan, the other consortium, said yesterday it too was aiming to file its application in September.

Both groups were uncertain as to how long the application process would take, but Mr Nobuo Ito, president of ITJ, said that his group's plan to begin operations at the end of next year would have to be dropped. ITJ now hoped to begin operations "in the spring of 1988, at the earliest," Mr Ito said. IDC officials refused to say when they hoped to begin operations.

The MPT remains coy about how it will respond to being approached by two applicants. The ministry said yesterday it would receive the two applications and would consider them fairly, but it would not comment on whether it would be prepared to issue two licenses or just one.

IDC, which plans to invest in a project to lay a trans-Pacific cable, said in its statement that it would "participate in the construction (of the cable) with an approach that will not give an extreme burden to IDC." This suggests that it has not yet been decided to what extent IDC itself will invest in the cable and to what extent others, including C&W, will invest in it.

Japan steel groups may seek higher export price

AN ANTI-RECESSION cartel of Japan's four largest steel makers formed in April is planning to ask the Ministry of International Trade and Industry (MITI) for an increase in the price of exported seamless pipe. AP reports from Tokyo.

A spokesman for Nippon Steel, one of its members, said yesterday that the proposal was in the process of being made to the Ministry.

According to industry sources, the four steel makers — Nippon Steel, Kawasaki Steel, Sumitomo Metal Industries and Nippon Kokan — are planning to ask for an increase of between \$100 to \$150 per metric ton over the current average market price of about \$650 to \$680 per metric ton.

The existing price was much too low, the Nippon Steel official said, explaining the price request. Japan accounts for the bulk of worldwide manufacturing in seamless steel pipes which is used mainly in crude oil and natural gas operations.

The four companies are thought to be in the process of "rethinking" existing seamless pipe prices prior to making a formal proposal to the Trade Ministry which oversees the steel industry.

Steel industry leaders were allowed to form the anti-recession price cartel last spring due to faltering foreign demand for its products, stemming from the year's rapid appreciation against the dollar.

Japan's steel industry is also reeling from inroads being made by competitors in South Korea and Taiwan, as well as reduced demand from oil producers due to lower oil prices.

The proposed request to MITI comes in the wake of a price rise agreement with China and the Soviet Union in April.

Despite Chinese and Soviet opposition, Japanese steel makers succeeded in raising prices on various types of seamless pipes shipped to the two countries by roughly \$100 to \$150 a metric ton.

The separate agreements allowed the shipment of about 250,000 metric tons of the product to each country in the six-month period beginning April.

US wine groups act against Canada

BY LOUISE KEOH in San Francisco

US WINEMAKERS have drafted a major trade complaint against the Canadian Government charging that restrictive practices have limited US access to the Canadian wine market.

With 14 month free-trade talks between the US and Canada approaching an October 5th deadline without apparent agreement on the US wine exports issue, US winemakers have prepared a "301" trade complaint seeking "true free-trade with Canada."

301 trade complaints require the US Trade Representative to investigate the case and to recommend appropriate action to the President within 12 months.

Officials at the Wine Institute, a San Francisco industry group that represents most of the major US winemakers, said that the industry has drafted a 301 suit and passed it to the US Trade Representative for comment.

"This is a preliminary move and we may withdraw the complaint if we get some positive action from the Canadians," said a Wine Institute official.

Ongoing trade talks between the US and Canada have yet to make any progress on the wine exports dispute, he said.

The US wine industry group alleges that Canada's Provincial Liquor Boards, which control sales of alcohol in Canada, have limited US sales by restricting the number of US wines on their approved lists. Before any wine can be sold in Canada it must be listed.

Austrian Airline Battle
Lauda Air flies into headwinds

BY JUDY DEMPSEY in Vienna

MAJOR differences have broken out between Lauda Air and the Austrian Ministry of Transport over whether or not the small charter company should be given a licence to fly long distance to Bangkok, Peking and Sydney.

If the licence was granted, it would mean that Lauda Air, the branch of the former Austrian grand prix racing driver, Mr Nikiki Lauda, would expand beyond the immediate vicinity of the European area for the first time. Such a development would more than demonstrate Mr Lauda's tenacity in sticking with his company ever since he leased his first Fokker F27 aircraft eight years ago. It would also demonstrate his determination to beat Austrian Airlines to the post.

Austrian Airlines, which is owned by the state, is opposed to the Lauda plan and it has ventilated these feelings at the inquiries and hearings held by the Ministry of Transport.

"We will make a decision now that we have all the information," a ministry official confirmed. "You can expect it sometime around the end of September. What we are looking for is a solution in which Lauda Air will not interfere in the operations of Austrian Airlines."



Lauda — brave move

and the Canary Islands ending up carrying more than 204,000 passengers last year, an increase of more than a 100 per cent on 1985. His decision to move to the Far East will, however, involve a major investment commitment.

Lauda Air has just bought a Boeing 767-300ER which will be delivered in December 1987 and hopes to buy another which will be financed by selling off about 40 per cent of the company through the Vienna stock exchange when the company will go public, "probably in the spring," said Dr Otmaz Lenx, the managing director of Lauda Air.

The airline's profits and turnover plus the revenue which will be raised from the sale of part of the company indicate that Mr Lauda will have enough capital to see him through if he runs into financial problems. Turnover for 1986 amounted to Sch 300m (\$32m) and profits of Sch 35m. He hopes for a turnover of around Sch 450m for this year.

Lauda Air says it expects a decision on the licence to be made by the end of this month. "We are planning to fly Bangkok, Peking and Sydney during the first week of April 1988," the company says.

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Miti examines Seoul import rules

JAPAN'S Ministry of International Trade and Industry (MITI) is studying a revised list of South Korean import restrictions issued this July, as well as complaints from Japanese manufacturers involving market access problems, prior to further dialogues between the two countries. AP reports from Tokyo.

A ministry spokesman, who requested anonymity, said new lists of restricted and non-restricted imports, covering items such as passenger cars and computers, were issued by the South Korean Government last month.

He added that the ministry was focusing on a liberalization for foreign passenger cars in the 2,000 cc and 1,000 cc engine class to prove if they unfairly excluded those from Japanese manufacturers. Many Japanese cars fall between these two engine categories.

Bilateral discussions on various trade issues are expected to continue between the two countries throughout the year.

South Korea began a five-year program this year to boost imports of machinery and other products from non-Japanese sources as part of an effort to rectify trade imbalances with Western countries.

One specific target is to expand imports from US and European countries. Japan has already complained the programme is a violation of the General Agreement on Tariffs and Trade (GATT).

Seoul undertook the policy change regarding foreign vehicle imports in an effort to forestall calls for protectionism against Korean goods in the US and the European community.

The move is viewed in Japan as an effort to further reduce the flow of Japanese imports into South Korea. The official denied a report

in a leading business journal which asserted that MITI was investigating complaints from export-oriented industries prior to asking South Korea to formally abolish import and commodity curbs on Japanese products.

"We aren't near to doing anything like that. We're still reviewing the new lists," he pointed out.

Japan's imports have been a thorn in the side of the two trading partners due to what Seoul terms an uneven trading relationship with Japan.

In 1986 South Korea chalked-up a \$5.4bn trade deficit with Tokyo, while registering a \$7.3bn trade surplus with the US and \$1.0bn with the EC.

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In 1986 South Korea chalked-up a \$5.4bn trade deficit with Tokyo, while registering a \$7.3bn trade surplus with the US and \$1.0bn with the EC.

South Korea has also countered Tokyo's GATT complaint with its own, alleging non-tariff barriers against its imports in Japan's domestic market.

Soviet-China border trade shows sharp increase

TRADE between China and the Soviet Union across their long and remote border is recovering quickly after two decades of political strife, the official China Daily said yesterday, Reuters reports from Peking.

China Daily said total trade across the eastern border was expected to reach \$33m this year compared with \$11.8m in 1985.

Business across the western frontier was booming, totalling \$26.4m in the first half of 1987, a 75 per cent increase over the same period last year.

The Soviet Union plans to set up a vegetable farm and joint venture restaurants and shops in China's Heilongjiang province, the north-east of the country, the newspaper reported.

The rapid rise in border trade, though still small compared with a total trade turnover of \$2.5bn last year, was a reflection of slowly improving relations in recent years, a diplomat said.

Turkey in fresh move on power plant deals

BY DAVID BARCHARD in Ankara

THE TURKISH Government has set up an adjudication committee to decide between five rival schemes to build and operate giant powerplants using imported coal, but an actual decision is believed to be still at least a month away.

On Monday, the government received a "final" bid, the second time in two months that best and final offers were invited.

The consortiums, led respectively by Ansaldo of Italy, BBC, Brown Boveri of Switzerland, Bechtel Power of the US, EPD of Japan, and Saseco of Australia, have been negotiating for two years on rival proposals to build power stations of between 800 MW and 1,400 MW. They would use imported coal and be run as a joint venture with the Turkish electricity authority.

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UK NEWS

Rover's last big vehicle holdings put up for sale

BY JOHN GRIFFITHS

ROVER GROUP, the state-owned vehicle maker, has put up for sale its last sizeable commercial vehicle holdings, both in India.

They comprise a 39.04 per cent stake in Ashok Leyland, an Indian truck and bus maker, and 50.09 per cent of Ennore Foundries, a components producer.

Rover has been receiving unsolicited offers for both since announcing in February that Leyland Trucks and Freight Rover, its trucks and panel van subsidiaries, were being sold to Leyland-Daf, a joint company majority owned by the Dutch truck maker.

Ashok Leyland, based in Madras, southern India, is India's second-largest truck and bus maker, with an output of about 8,000 vehicles a year. It has been a consistent performer, paying Rover regular dividends of around £300,000 a year. It is thought by some industry analysts to be worth about £12m.

Ashok itself has a 19.7 per cent holding in Ennore Foundries, which is heavily dependent on the truck producer.

A Rover Group spokesman said yesterday it had received about 20 approaches through advisers Hill Samuel and Standard Chartered, which are handling the sale. The two Indian companies, which are part-owned by Rover through its Land Rover-Leyland International holding company, are being sold together. No separate offers are being considered.

The approaches are from both within and outside India. They include one from Bajaj Auto, India's largest and the world's second-largest scooter manufacturer, the first offer from which was made privately last year - well before the sale of Leyland Trucks.

Daf was also offered the Indian companies, but declined. Neverthe-

less, some European producers are understood to be interested on the grounds that their technology, with support from the Indian Government, could significantly sharpen Ashok's competitiveness.

No commercial ties remain between Rover Group and the Indian companies. Indian institutions hold a 35.6 per cent stake in Ashok, with the remaining 25.36 per cent held by individual investors.

The sale will sever an Anglo-Indian link spanning nearly 40 years. Ashok Leyland was set up in 1948 originally to assemble Austin A40 and A70 cars. In 1950 it began assembling Leyland commercial vehicles, with the UK group taking a majority stake in 1955.

By 1984, however, the UK group's stake had begun falling below 50 per cent in line with Indian government policy of maximising the indigenous element of the motor industry.

Manpower chairman takes new posting

By David Thomas

SIR Bryan Nicholson, chairman of the Manpower Services Commission for the past three years, is to become the new chairman of the Post Office in October.

The appointment appears to signal a vote of confidence by the Government in the policies pursued by Sir Ron Dearing, who retired as Post Office chairman at the end of September. These have led to record increases in letter volumes and productivity.

Sir Bryan said yesterday he intended to build on Sir Ron's achievements. Ministers had not indicated a wish to take the corporation in any radically new directions.

In particular, Sir Bryan said he had been given no indication of a desire by ministers to privatise parts of the Post Office. He added that a move would not surprise him since the Government was clearly committed to privatisation as a general policy.

Mrs Margaret Thatcher, the Prime Minister, ruled out privatisation of the Royal Mail, the core of the Post Office, during the general election campaign. But she was careful not to exclude the possibility of selling other Post Office businesses, which include its National Giro-banking subsidiary and its counters operation.

Sir Bryan's wish to leave the MSC in October, when his period of office ends, has been known for some time. The MSC's scope is being scaled down, with its employment functions being transferred to the Department of Employment.

Sir Bryan, who spent almost 30 years in the private sector before taking the MSC chair, most recently as chairman of Rank Xerox's UK business, said he hoped to complete the transformation of the Post Office into an organisation driven by awareness of consumer needs.

He agreed with the view, repeatedly expressed by consumer organisations, that priorities were to improve the quality of letter delivery and to sort out the state of unofficial strikes which has disrupted some districts.

Charles Leadbeater reports on British Coal's disciplinary code
Coal industry's test of trust

AS the national executive committee of the National Union of Mineworkers and managers from British Coal sit down today for talks over the corporation's controversial revised disciplinary code, both might have in mind one of the code's definitions of gross misconduct.

Section 10 of the code says that gross misconduct is, among other things, misconduct so grave that it destroys the necessary mutual trust between British Coal and the mineworker. The point of today's talks is that the dispute over the code may have destroyed what little trust there was between the union and the corporation.

The NUM's first major objection is that the revised code, which was introduced in March, marks a significant break from the industry's long-established unfair dismissal procedures. Introduced in 1947, these laid down a procedure for dealing with any disciplinary issue, which ended with conciliation and arbitration by a "pit umpire".

That system, supported by a consensus throughout the industry, worked successfully until the early 1980s, according to Mr Bill Rees, a specialist in the coal industry's industrial relations from Durham University.

The revised code has abolished the pit umpire. Instead, miners can

take cases for unfair dismissal to an industrial tribunal.

Mr John Liptrout, general secretary of the Union of Democratic Mineworkers, which broke away from the NUM after the miners' strike in 1985, said this was a significant advance for miners: "In the past there was no access to legal machinery. The union said that it would not take a case to an industrial tribunal, even if it was dissatisfied with the pit umpire's decision. The revised procedure now allows us to do that."

The UDM has reservations about the code, but no fundamental objections. It is based on a code issued to managers in 1981, and modified in 1984. "We have actually been working under this code for the last seven years. The NUM do not realise that. There is no break with the past," says Mr Liptrout.

The NUM also objects that the corporation's code differs significantly from the 1977 code issued by Acas, the conciliation service, on which the corporation says its own code is modelled. The two clearly diverge at several points.

Acas says an employee should have the right to be accompanied to a disciplinary interview by a trade union representative or employee of their choice. The corporation says managers have the right to approve the employee's choice of

though approval will not be unreasonable withheld.

Finally, the union objects that, after being given a formal warning for a minor offence, a miner could be dismissed for any further offence, however minor, committed within the next three years.

Mr Burchill says this is far more stringent than most codes. "Generally the first warning remains on someone's record for three months, and a second warning stays for six months," he said.

The NUM also objects that the corporation plans to use the code to undermine local union organisation and give a short sharp shock to an industry beset with small disputes.

However, the code also applies to the UDM, which has signed a conciliation agreement. The NUM says this implies that the code would still apply even if it accepted a conciliation agreement.

The dispute, which threatens to make it extremely difficult for the corporation to press ahead with plans to introduce flexible working patterns, has also united a union which was deeply divided. Miners are expected to support industrial action over the code in a ballot which is due to finish on August 21.

At the end of the day it is these pressures rather than the legal niceties which will determine whether a settlement can be reached.

Strong & Fisher move adds to leather industry shake-up

BY NIKKI TAIT

BRITAIN'S much-trimmed leather industry yesterday faced a further upheaval as Strong & Fisher, one of the sector's two remaining quoted groups, announced that it is buying the skin market, fellmongeries and tanneries interests of the Union International.

Union is the private holding company for many of the Vessey family interests, including the 1,500 Dewhurst and Baxter butchers shops. The £20m cash deal will substantially enlarge Strong & Fisher, which specialised in clothing leather. Through the acquisition of Union subsidiary Goshall Group it will now take in 22 UK hide and skin markets (18 previously) - bringing a 30 per cent increase in capacity - four fellmongeries (3), and seven tanneries (5).

Strong also acquires Union's 50 per cent interest in New Zealand Light Leathers, a New Zealand-owned company, which supplies about 85 per cent of Goshall's skins, tans some 30,000 - (9,000) cattle hides and has a plant in the

south island making quality fashion leather. Together the Union interests had sales of £38.2m in 1986 and profits before interest of £1.8m.

The Union disposal - one of few block interests remaining in the leather industry - continues a recent shake-up as surviving companies have attempted to develop higher-margin niches in the face of Third World competition.

Strong & Fisher started the re-shuffling process a year ago with a bid for Garner Booth, another quoted leather group. The bid was, however, abandoned after the deal was referred to the Monopolies and Mergers Commission on worries of concentration in the sheepskin market.

A bid battle for Garner subsequently erupted between the food giant, Hilldown, and Pittard, based in Yeovil in the south of England. The latter emerged victorious, but Hilldown retained a sizable stake in the combined group.

Mr Richard Strong, chairman of Strong & Fisher, yesterday said he

believed this to be a better route than the original Garner bid. In the face of the growing popularity of leather clothing and new techniques for producing lightweight material, the company has been anxious to expand its supply of sheepskins.

Although UK skins are the least-scarce and most suitable for high-quality clothing leather, Mr Strong argues that New Zealand supplies can be used for the growing male and teenage market.

Around 90 per cent of Strong's finished products are exported, with around 70 per cent of Goshall production sold overseas.

An average leather shirt takes some six skins and costs around £70. Full-length coats, the latest US fashion, use around 12 skins.

Strong & Fisher is financing the deal with a bank loan and the issue of 3.7m shares, which have been conditionally placed at 275p subject to clawback by shareholders.

The company's gearing will rise to 70 per cent after the deal.

Private-sector pay still increasing, says CBI

BY DAVID BRINDLE, LABOUR CORRESPONDENT

PAY settlements in the private sector are rising, according to figures which the CBI has collected in its pay databank but which it has not published.

The figures show pay deals in manufacturing at an average 5.3 per cent in the second quarter of this year, compared with 5 per cent in the first quarter and 4.8 per cent in the last three months of 1986.

In services, pay rose an average 6.2 per cent in the first half of this year compared with 5.6 per cent in the second half of 1986. The CBI's average for the banking, insurance and finance sector alone has jumped to 9.9 per cent.

The CBI has decided to stop publishing its pay databank figures as a matter of course, though it points out the information remains available to member companies and other

subscribers to its two-monthly employment affairs report.

The move may prompt speculation that the CBI is trying to play down the rising trend. The organisation says it is not.

Mr Richard Price, the CBI's employment affairs director, said that, instead of issuing regular updates on the pay databank, the CBI would publish each employment affairs report in a statement which might or might not feature pay trends.

The latest issue of the employment affairs report, which is not distributed to the press, says the databank shows that settlements are rising "slightly".

Employment Affairs Report: CBI, Centre Point, 103 New Oxford Street, London WC1A 1 DU; by subscription.

Share ownership plans for workers' buy-out

BY OUR LABOUR STAFF

THE PLANNED worker buy-out of Llanelli Radiator, Rover Group's component plant in the Welsh town of Dyfed, is expected to involve an employee share ownership scheme financed by Unity Trust, the trade union bank.

Mr Mike Reilly, the plant's general manager, said yesterday the aim was to have a share structure which encouraged long-term employee commitment and involvement, rather than just a "day one bonus".

Roadchef, the motorway service area operator, and People's Provident, based in Hampshire, were the first companies to use Unity Trust's model of US-style Esops, by which the equity of a business is increased through loans held in trust, in the form of shares, on behalf of the employees.

Unity Trust is undertaking a viability study of Llanelli Radiator, prior to final agreement on funding an Esop for the 650 employees.

Mr Reilly said there was agreement in principle on the proposal and it was "highly probable" it would go ahead. The Esop would be additional to offers to the employees of preference and ordinary shares, £500 having been discussed as the sum each individual would be asked to invest.

Llanelli Radiator has a turnover of £30m a year, more than half of which comprises supplies to Rover Group.

Unions at the plant have welcomed the buy-out and were instrumental in getting Unity Trust involved.

APPOINTMENTS

Human resources director for TI

TI GROUP has appointed Mr Alan K. Bradley as director of human resources. He joins from Associated British Foods where he was group personnel adviser.

Mr John Ellis has been appointed administration director at WARDLEY INVESTMENT SERVICES INTERNATIONAL, UK investment management subsidiary of the Hongkong and Shanghai Banking Corporation. Mr Ellis comes from Hill Samuel Investment Management where he was head of client and investment services and a director of Hill Samuel Pensions Investment Management.

Mr Neil Campbell joins BRITOL on August 24 as executive director for South America and Southern Africa. He was vice president, exploration, for Occidental Petroleum (California). Mr Ian Bodie is appointed group treasurer on September 1.

At MCKAY SECURITIES Mr A. S. Chellis has been appointed company secretary.

At UNISTYS CORPORATION Mr Graham Murphy, president of its Europe/Africa division, has

been appointed to its management board.

Mr Brian Allison, executive chairman of the BIS GROUP, has been promoted to the board of NYNEX Information Solutions Group, Inc., a subsidiary of NYNEX Corporation, with headquarters in New York. Mr Roger Graham, managing director of the BIS Group, will take over the chairmanship of the group from Mr Allison on September 1.

J. S. GADD & CO. has strengthened its management team. Mr Jim Bellingham has been appointed

as the group financial director and Mr Graham K. Urquhart as group secretary. Mr Bellingham was formerly the chief financial executive of Ulingworth Morris. Mr Urquhart was previously assistant group secretary of Guinness Peat Group.

Mr Roger Taylor has been appointed to the board of COUNTY AND DISTRICT PROPERTIES. He joined County and District in 1985 from Commercial Union Properties as a senior development executive and earlier this year was appointed as a director of the development subsidiary County and District Developments.

Mr Charles Bailey has been appointed a director of ANTO-FAGASTA HOLDINGS.

Mr Jack Webster, marketing director of Wykes-Pickavant, has been elected president of the

GARAGE EQUIPMENT ASSOCIATION.

BPA (TECHNOLOGY AND MANAGEMENT) has appointed two directors from within its organisation. Mr Ted Donnelly and Mr Roger Tyler. Mr Nick Pearce has relinquished his role as marketing director but remains a non-executive member of the board.

Mr L. H. Peattie has been appointed director of the NATIONAL INVESTMENT AND LOANS OFFICE in succession to Mr P. A. Goodwin who is retiring on August 10. As director, Mr Peattie will hold the appointments of secretary to the Public Works Loan Committee and secretary and comptroller general of the National Debt Office.

Sir John Wickerson, immediate past president of the Law Society of England and Wales, has joined R. MANSELL, London building contractor, as non-

executive director. Sir John is a partner in the general practice firm of Ormerod Morris and Dumont of Croxson, where Mansell has its headquarters.



Sir John Wickerson joins Mansell's board

NEW INTEREST RATES

Notice to Account Holders			
Gross interest % p.a.	Midland Savings Accounts	Net interest % p.a.	Gross Equivalent to a Basic Rate Taxpayer % p.a.
With effect from 12th August 1987			
4.98	Deposit Account	3.75	5.14
6.98	Griffin Savers	5.25	7.19
8.64	Monthly Income Account	6.50	8.90
9.63	Premier Savings Account £5000+	7.25	9.93
6.64	Saver Plus £100+	5.00	6.85
7.64	£500+	5.75	7.88
8.64	£1000+	6.50	8.90

Save and Borrow Account
With effect from 9th September 1987, interest paid on credit balances will increase by 0.75% to 3.75% net per annum. For those customers who receive interest gross, the rate will increase to 4.98%.

Clients' Premium Deposit Account			
8.75	£25,000-£99,999	6.58	N/A
9.25	£100,000+	6.96	N/A

Midland Bank
Midland Bank plc, 27 Poultry, London EC2P 2BX.

CONTRACTS



Work has started on a 43,000 sq ft high-quality offices and warehouse development at West Drayton, Middlesex, close to Stockley Park, under a £3m project being carried out by developers and contractors.

A 32-week building contract, worth £220,000, has been awarded to Welson Construction. The single unit at Horton Road, which will include 6,000 sq ft of offices

on two floors, will be available for letting in February 1988. Construction is of pad foundations and a composite reinforced concrete and steel lattice beam frame. Cladding will be of brick and plastic-coated profiled metal

Building a business centre at Weybridge

More than 55m of contracts have been awarded to GEOFFREY OSBORNE, Chichester. At Weybridge, Surrey, work has started on a 23.5m business centre for Factory Holdings. Scheduled for completion in June 1988, St George's Business Centre will have three high-technology, two-storey buildings in landscaped setting. Designed to harmonise with the surrounding residential properties, the three separate buildings will be pitched roofs with concrete tiles. Brown-red bricks will be used, with contrasting light tan string courses, sills and arches.

Another high-technology development currently under way is a £1.3m scheme for Slough Estates at Feltham, Middlesex. The 22-week contract is for a two-

storey building with brick and metal cladding on a steel frame. Other projects won by the building division include an office block at Reigate, Surrey, for Orbit Developments (£540,000) and an industrial building at Aylesford Kent, for Sun Life Assurance Society (£941,000).

A £1.35m design and build scheme for a new British Gas stores and office complex at Reading is due to start on September 14. The 3,050 sq metre building is designed to centralise various Southern Gas activities which now operate from depots within the area. The steel portal framed structure will have brick and profiled metal cladding. External works include a vehicle wash, dust unit, a car parking area and general land-

scaping. Civil engineering contracts include construction of reinforced concrete foundations to a computer centre for the TSB at Andover, Hants, for management contractor, Mowlem Management (£897,000); sea defence work at East Wittering, Sussex, for Chichester District Council (£284,000); and construction of a pumping station and associated works Leckhamsted, Berkshire, for Thames Water Authority (£224,000).

On the Isle of Wight, Osborne, is building a day care centre extension to Earl Mountbatten House, Fairlee Hospital, Newport, for the Isle of Wight Health Authority (£220,000).

NOTICE OF REDEMPTION
To the Holders of

Phoenix Mutual Mortgage Funding Corporation

10% Sinking Fund Bonds due September 12, 1992

NOTICE IS HEREBY GIVEN that, on September 12, 1987, pursuant to the provisions of the Indenture dated as of September 1, 1986 between Phoenix Mutual Mortgage Funding Corporation ("the Issuer") and The Chase Manhattan Bank (National Association), as Trustee, the Issuer has exercised its right to make an optional sinking fund redemption pursuant to Section 3.02(c) of Article III of the Indenture. In addition to the mandatory sinking fund redemption requirement of Section 3.02(b) of Article III of the Indenture, the aggregate principal amount of Bonds to be redeemed is \$7,009,660.12 representing \$3,804,024.12 principal amount to be redeemed pursuant to the optional sinking fund redemption and \$3,205,636.00 principal amount to be redeemed pursuant to the mandatory sinking fund redemption. The aggregate principal amount per \$5,000 of original principal amount of Bonds to be redeemed is \$5,754.58, representing \$186.29 principal amount per \$5,000 of original principal amount of Bonds redeemed pursuant to the optional sinking fund redemption and \$186.29 principal amount per \$5,000 of original principal amount of Bonds to be redeemed pursuant to the mandatory sinking fund redemption. The aggregate principal amount of Bonds remaining outstanding after giving effect to the optional and mandatory sinking fund redemptions will be \$22,762,000.44, representing \$4,444.38 per \$5,000 of original principal amount of the Bonds remaining outstanding.

From and after September 12, 1987, interest on the portions of the Bonds to be redeemed will cease to accrue. Coupons which shall mature on said redemption date should be detached and surrendered for payment in the usual manner. Payment of principal on the Bonds will be made only upon presentation and surrender of the Bonds at The Chase Manhattan Bank, S.A. (Luxembourg), 47 Boulevard Royal, Luxembourg; The Chase Manhattan Bank, S.A. (London), Woodpale House, Coleman Street, London EC2P 2JQ, England; Banque de Commerce, S.A., 51-52 Avenue des Arts, B-1040 Brussels, Belgium or The Chase Manhattan Bank, N.A. (Switzerland), 63 Rue du Rhône, 1204, Geneva, Switzerland.

Phoenix Mutual Mortgage Funding Corporation
By: The Chase Manhattan Bank (National Association)
Trustee and American Paying Agent

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Joanna Dawson on 01-236 9765 or your usual Financial Times representative

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

UK NEWS

Welsh economy strengthening, say directors

BY ANTHONY MORETON, WELSH CORRESPONDENT

FURTHER EVIDENCE of the strengthening of the Welsh economy came yesterday from the Institute of Directors. Its biannual business survey of Welsh companies found that nearly three-quarters reported an increase in the volume of business and more than half reported higher profits compared with the start of the year. The report was prepared for the Institute by Professor Brian Moores of the Cardiff Business School at the University of Wales Institute of Science and Technology.

Fifty-eight per cent of the companies interviewed felt that prospects were more favourable now for growth than when they reported six months ago and 53 per cent said they were doing well or very well.

The survey confirms the broad outlines of a Welsh Development Agency report in March that the economy was expanding fast and the latest quarterly Confederation of British Industry survey which showed an encouraging uplift in activity.

The Government, too, is encouraged by the fall in unemployment, which has been registered in each of the last 12 months, and other indicators showing a general pick-up in activity.

Prof Moores said: "There has been an increase in the degree of optimism over the same figure six months ago. The very low number of companies expressing themselves less optimistic is particularly encouraging."

Twelfth set to be less than glorious

Financial Times Reporter

PROSPECTS for the Glorious Twelfth—the start of the grouse-shooting season today—are better than last year but the last few years' sharp decline in the number of the game birds is still causing grave concern to the Game Conservancy.

The overall number of grouse is only a fraction of the 1975 population, says the body, which has launched a three-year study aimed at raising their numbers. Grouse numbers have fallen steadily on the upland moors of northern England and Scotland since the mid-1970s because of disease and loss of habitat to agriculture.

The degree of success of Game Conservancy scientists in tackling a fatal grouse parasite is the main reason for the increased number of birds this year.

Mr Peter Hudson of the conservancy said that in Scotland we may be on the verge of the big comeback. On some moors the number of grouse is up 50 per cent compared with last year and in northern England, where the population has always been higher, numbers are up about 30 per cent.

Shooting starts on most moors today. Members of the Hunt Saboteurs Association are expected to gather on the Lancashire moors in an attempt to disrupt the season.

David Churchill looks at the Government's changing attitude to customer protection

Consumerism runs out of purchasing power

WHEN Sir Geoffrey Howe became minister for consumer affairs in 1973, the government's role in championing the cause of the consumer went unquestioned.

It was almost an inviolable rule that consumers needed to be protected from unscrupulous companies by a wide range of legislation—a view shared by Mr Roy Hattersley and Mrs Shirley Williams in the subsequent Labour administration.

But Mr Francis Maude—the fifth and latest to hold the post in Mrs Thatcher's governments but now known as corporate as well as consumer affairs minister—has a different view.

His philosophy is a return to the days of caveat emptor—let the buyer beware.

It is a view which will rankle with most consumer activists in the late 1980s—activists who have seen their effective power diminished over the past decade, partly as a result of the changed political and economic environment but partly also because consumerism appears to be running out of steam.

The recent Consumer Protection Act—which scrapped into the statute book shortly before the general elections—was not so much a piece of genuine consumer protection legislation as a tidying up of the ragbag of legislation outstanding.

The legislation covered three areas of consumer protection: it implemented the European Commission's directive on product liability which the Government had to do at some stage; it implemented a white

paper on consumer safety which brought in much-needed improvements; and it reformed the much-abused regulations governing the way in which retailers can make bargain offers to the public.

The consumer movement, therefore, remains at a crossroads, faced with a choice of government attitude to the role of consumer protection and the lack of a clear direction for the 1990s.

Should the consumer movement, for example, embark on a more radical approach in the style of Mr Ralph Nader, the US consumer champion and hit the corporate sector where it hurts most—in its pocket through consumer boycotts and court action?

Mr Maude, 34, who was still at university when Sir Geoffrey Howe became consumer affairs minister, does not see the need for any such concerted action. "The best way to protect consumers is to keep them informed of the choices they have and to help guide them in the right direction," he says.

"I do not think it is right for me to suggest that government can solve all the problems facing the consumer."

Consumer safety, he believes, is a case in point. The recent legislation, for example, puts a general duty on all suppliers of goods to ensure that they are reasonably safe when supplied.

Mr Maude says: "This is the way it should be. The legislation ensures that the Government is on their side when it comes to consumer protection issues."



Francis Maude: views will rankle consumer activists

a choice—along with questions of price and quality—about whether or not they buy a product if they still consider it unsafe.

After all "we are doing no favours to consumers if we put too onerous restrictions on manufacturers' ability to produce goods that consumers want to buy."

Such a view is almost guaranteed to raise the hackles of consumer activists who see product safety as a key area where the Government should be more interventionist but British companies also are not convinced that the Government is on their side when it comes to consumer protection issues.

For example, the Confederation of British Industry has warned members that the impact of recent consumer protection legislation might be to lead to higher claims from consumers who have bought defective products.

This would result from the legislation: enacting the European Commission's directive on product liability, which is aimed at giving consumers throughout Europe more protection against dangerous products.

Mr Norman Rose, the CBI's deputy director in charge of legal affairs, says: "As the burden of proof on plaintiffs is being reduced, it is likely that claims against companies will increase."

The CBI consequently advises member companies to review urgently their current procedures and practices affected by the legislation.

At the same time the consumer movement must feel that the Government has given in to big business. The Consumers' Association says it was disappointed that the recent legislation allowed manufacturers a "development risks defence"—a loophole enabling manufacturers to limit their liability for defective products if they can show that technical knowledge at the time the product was developed meant that the defect could not have been foreseen.

Mr Maude sees the consumer affairs part of his job as largely to see through the enactment of the safety and product liability changes outlined in the legislation but he has two other

consumer protection measures to consider.

At some stage the Government has to implement the EC directive on doorstep selling which aims to prevent consumers being unfairly pressured into buying goods from door-to-door salesmen. Mr Maude is also recommending changes to the law covering the sale and supply of goods.

Mr Maude may eventually have to take a more interventionist role in consumer protection as a result of pressure from the Office of Fair Trading.

Sir Gordon Barrie, director general of fair trading, is concerned at the failure of voluntary codes to provide protection for consumers.

He recently took to task the double-glazing industry for having a "blemished reputation." Most companies had failed to adhere to the 10-year-old code of good trading practice.

As a result of the failure of such voluntary codes, Sir Gordon has put forward the relatively radical concept that a general duty on all companies to trade fairly should be introduced by law. This would shift the statutory controls of trading behaviour—a move which Mr Maude is reluctant to consider.

"I would really need to be very convinced to suggest that we introduce such a broad protection concept as business tactician as he maintains. Caveat emptor."

BAe hands over first part of Saudi aircraft order

BY MICHAEL DUNNE, AEROSPACE CORRESPONDENT

THE FIRST two of 30 Hawk single-engine advanced training aircraft built for Saudi Arabia were handed over yesterday by British Aerospace at its Dunfermline, Surrey, airfield to Air Vice Marshal Ronald Stuart-Paul, director-general of the Ministry of Defence's Saudi Arabian project.

The Al Yamamah project provides for BAe to supply Saudi Arabia with 72 Tornado

Scots supermarkets urged to buy locally

SCOTTISH supermarkets which stock English, rather than home-produced, goods are to be picketed.

The Scottish National Party is aiming to persuade chain stores to put local produce which can be made at the same price on their shelves instead of importing from England.

The party said that stocking Scottish would help save jobs and keep alive the corner shop, which would otherwise be extinct by the year 2000.

Telecommunications venture to expand

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

APT, a telecommunications joint venture of American Telephone and Telegraph and Philips of the Netherlands, is pressing ahead with aggressive expansion plans in the UK in spite of recent setbacks in its efforts to break into the European public switching market.

The company aims to invest £17m at its site near Malmesbury, Wiltshire, this year, as a prelude to a plant for transmission products.

There will also be investment in research and development operations chiefly in adapting AT&T switches to European requirements.

With additional annual expenditure of about £5m over the rest of the decade, the company expects to create 250 jobs by 1990 to bring its total UK staff to 600.

The continuing expansion of the facilities comes at a time of heavy speculation about joint venture.

There have been suggestions that AT&T and Philips had become disillusioned with the notion of co-operation in the wake of APT's failure to gain the French switching market through the takeover of CGCT, the French switching company, earlier this year.

However, Mr Brian Manley, chairman of APT's UK division, said the company saw exciting possibilities in the transmission sector.

It had also built up a healthy switching business in the UK with special-purpose telephone exchanges aimed at adding extra features to the digital system being installed by British Telecom.

Mr Manley said APT's UK turnover should reach about £50m this year and that the company should break even by the end of 1988.

The European group as a whole, which has headquarters in the Netherlands, had sales of about £1.75bn (£224m) last year. It also expects to break even in 1988.

APT was formed in 1984 as a equal share joint venture with the aim of combining AT&T's technical know-how with Philips' knowledge of the European market.

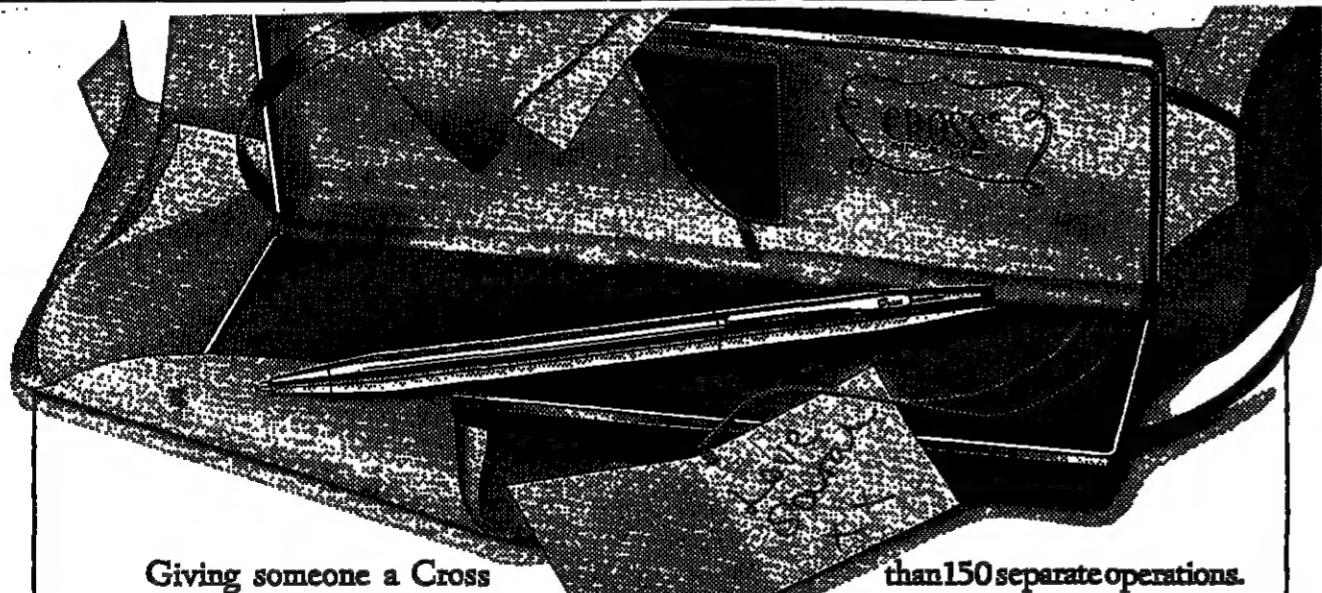
It is responsible for adapting and selling AT&T products in most non-US markets and also inherited a number of Philips' telecommunications products.

Freight group wins £9m work

SCOTTISH ROAD SERVICES, a member company of the employee-owned National Freight Consortium, has won a £9m contract to provide a distribution and delivery service for Gateway Foodmarkets.

The five-year agreement with Gateway, which also trades in Scotland as Fine Fare, starts on September 21. The contract package involves transporting goods from Gateway's East Kilbride warehouse to its 100 locations throughout Scotland.

Scottish Road Services will acquire some vehicles and trailers from Gateway, and employment will be offered to some Gateway staff.



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FT LAW REPORTS

New evidence is admissible in Lotus tax case

BRADY v GROUP LOTUS CAR COMPANIES PLC AND ANOTHER
Court of Appeal (Lord Justice Dillon, Lord Justice Mustill and Lord Justice Balcombe): July 31, 1987

WHERE A tax appeal is remitted to commissioners on an error of law, fresh evidence which is admissible, even if it is highly material to the hearing and if the court suspects fraud on the part of the taxpayer.

The Court of Appeal so held (Lord Justice Dillon, Lord Justice Mustill and Lord Justice Balcombe in part) when dismissing an appeal from a decision by Sir Nicolas Brown-Wilkinson, Vice-Chancellor, remitting to Special Commissioners a tax appeal by Group Lotus Car Companies plc and Lotus Cars Ltd.

LORD JUSTICE DILLON said that in the years down to 1978 the Lotus companies had been engaged with some success in the manufacture of high quality sports cars and in building specialised cars designed for the race track.

The driving force behind the companies until his death in December 1982, was a Mr Colin Chapman. His right hand man for many years was a Mr F. R. Bushell who became managing director of Lotus Cars on Mr Chapman's death.

In 1978 the Lotus companies became involved in the notorious affair of the De Lorean motor car. There were three relevant agreements, all dated November 1 1978.

Under the first, a company called GPD Services Inc agreed to provide fit services for design, test and calculation work on a sports car, the DMC 12. It was provided that Lotus Cars and Mr Chapman would do the work.

Under the second agreement Lotus Cars warranted and guaranteed to De Lorean Research and De Lorean Motor Cars the timely and full performance of GPD's obligations under the first agreement.

The third agreement was between GPD and Lotus Cars. Lotus Cars agreed to carry out research design and development work on the DMC 12 which was to be manufactured by De Lorean Motor Cars.

GPD was a Panamanian company controlled by a Mr and Mrs Juban of Geneva. It had an address in Geneva and a bank account. It had neither facilities nor experience for research design or development work on sports cars.

On the signing of the first agreement, however, it received \$17.65m from De Lorean Motor Cars and De Lorean Research. Some \$8.5m was paid out to Mr De Lorean personally, but a balance of \$9.15m remained

unaccounted for.

Since it was plain that the work which GPD had contracted to do had in fact been done by Lotus Cars, the Inland Revenue was concerned to enquire whether any of the money received by GPD had come into the hands of the Lotus companies or their officers.

It carried out a lengthy investigation into the books of the Lotus companies. On December 16 1983 it made a number of estimated assessments on the companies for the accounting period ending December 31 1977.

Some had been withdrawn, but two remained outstanding, for £2m each.

The Lotus companies appealed against the assessments. The General Commissioners correctly formulated the point at issue, which was to decide how much, if any, of the money paid to GPD came into the control of Lotus or its officers.

They all agreed that the two outstanding assessments ought to be discharged, and they ordered accordingly.

Their view was that the assessments could only be justified if there had been fraud on the part of the Lotus companies or their officers.

They said that if it was in question, the onus was on the Revenue to prove it. The Revenue failed to discharge that onus, and so the assessments were discharged.

The assessments were raised in due time "not later than six years after the end of the chargeable period" (section 34 of the Taxes Management Act 1970).

Section 36 of the Act provided that where fraud or wilful default had been committed in relation to tax, assessments might be made at any time—i.e. even after the expiration of six years after the end of the chargeable period.

With out-of-time assessments the onus was on the Revenue to prove the fraud or wilful default. Where the assessments were made in time, as they were in the present case, the burden lay on the taxpayer to displace them.

The General Commissioners misdirected themselves in law over the onus of proof when they made their decision.

The issue was whether the remitted case should be heard merely on the evidence which was before the General Commissioners, or whether, as the Vice-Chancellor held, there should be power to adduce fresh evidence.

The Revenue wanted to put in new evidence which it had obtained since the hearing before the General Commissioners, and could not with reasonable diligence have obtained before.

It showed that out of the money received by GPD from De Lorean Design, GPD paid \$90,000 on November 14 1978 to a numbered account at Credit Suisse Zurich in Mr Bushell's name, and \$723,000 to another numbered account in Mr Chapman's name.

On December 8 it paid a further \$400,000 to Mr Bushell's account, and \$3.6m odd to Mr Chapman's account.

These payments were of obvious relevance to the Lotus companies' tax appeal. The Revenue contended that if directors intercepted and appropriated money due to their company, the money was not receipts of the company and might be taxable accordingly.

The general rule was that the parties in a tax appeal to the High Court should not, in the absence of special circumstances, be enabled to go back to the Commissioners and call fresh evidence on issues which were raised in the original proceedings.

The Vice-Chancellor, however, allowed the fresh evidence to be adduced at the rehearing of the remitted case. He applied the principle in *Meek v Cameron* (1961) 2 QB 366, that where a party deliberately misled the court in a material matter, and that deception had probably or might reasonably have tipped the scale in his favour, it would be wrong to allow him to retain the judgment.

Mr Price for Lotus submitted it would be wrong to allow the Revenue to profit from the evidence just because there happened to have been an error of law on the part of the Commissioners.

His Lordship strongly suspected that Mr Bushell deceived the court when he gave evidence to the General Commissioners. If he had done so it would be wrong that the decision be obtained from the Commissioners should stand.

Compare that with the factor that in the absence of an error of law there would be no means of getting in the new evidence short of a separate action alleging fraud, was of relatively minor significance.

There was no good reason why the Commissioners should be required to approach their task in blinkers, denied the benefit of new evidence now known to be available. The Vice-Chancellor was right to allow fresh evidence to be

adduced on the rehearing. The appeal was dismissed.

LORD JUSTICE MUSTILL agreed that the appeal should be dismissed on the question of remission.

With regard to the manner in which the rehearing was to be conducted, he said he would be sorry to think the court was forced by the undoubted need to give the Revenue an opportunity to air its new evidence, into adopting an expedient which involved confusion into one set of proceedings a process which ought really to take place in two stages, with the burden on the Revenue at the first stage and on the companies at the second.

He believed the court should not take away the advantage the companies would ordinarily have at the first stage.

That unwarranted prejudice could properly be avoided by refusing to order that the Revenue should have as of right the opportunity to adduce further evidence on the remission, but rather that the new hearing should await the outcome of an action by the Revenue for a declaration that the previous decision was improperly obtained.

If the action succeeded the investigation before the Commissioners would recommence *de novo*. If it failed, the proceedings would recommence only to the extent required by the Court of Appeal decision on the question of law.

LORD JUSTICE BALCOMBE agreed with Lord Justice Dillon that the Vice-Chancellor was right on both issues.

He said that if on a remitter the Commissioners were not entitled to receive any further evidence and they decided the assessments should be discharged, it was almost certain the Revenue would then bring an action to have the decision set aside as having been improperly obtained, since the almost irresistible inference on the evidence was that Mr Bushell knew of the payments and deliberately failed to disclose them.

Assuming the proceedings to set aside were successful, as was in the highest degree probable, there would be a further hearing *de novo* before the Commissioners at which this highly material evidence would be admitted.

Such a multiplicity of proceedings would not be sensible. For Lotus: *Leolin Price QC and James Manby QC (Gouldens)*.

For the Revenue: *J. M. Chadwick QC and Alan Moses (Inland Revenue Solicitor)*.

By Rachel Davies Barrister

CORRECTION
The name of yesterday's case, which was omitted, was THE NOBODIGLINT.

Ulster devolution talks 'mildly encouraging'

By John Hunt, Parliamentary Correspondent

TALKS in London yesterday between Ulster unionist leaders and officials at the Northern Ireland Office on the possibility of some form of devolved government for the province were described by Whitehall as "mildly encouraging".

The meeting was between Mr James Moynihan, leader of the Ulster Unionists, and the Rev Ian Paisley, leader of the Democratic Unionists, on the one side and Sir Robert Andrew, permanent under-secretary at the Northern Ireland Office, and Sir Kenneth Bloomfield, head of the Northern Ireland Civil Service, on the other.

A further meeting is to be held later this month. Although this was being seen as a good omen, it was being emphasised that the series of meetings was still at the stage of "talks about talks" and that much more progress would have to be made for negotiations to reach a meaningful stage.

The first meeting in the series took place last month. The talks have been entered into without preconditions and both sides have agreed not to make public comment on their contents.

Mr Moynihan and Mr Paisley left yesterday's two-hour meeting without commenting and returned to Northern Ireland.

It was made clear in the Queen's Speech that some form of devolved government is a key objective of the British Government during the present parliament. However, a stumbling block has been unionist hostility to the Anglo-Irish Agreement.

A task force of the Ulster unionists has recommended that they should hold talks with the Government to seek a reasonable alternative to the 18-month-old agreement.

Mr Tom King, Northern Ireland Secretary, who was not present at yesterday's meeting, has said he is eager to see the discussions carried forward.

Dr Robert Emmet, the Church of Ireland Primate of All Ireland, plans his own initiative to seek an end to the political stalemate. Later this summer he intends to invite main political party leaders to private talks to establish if there is a will to break the impasse. It is believed he will set no agenda and intends the discussions to take place out of the glare of publicity.

Diplomacy lacking at the Irish embassy

By Ralph Atkins

STAFF at the Irish Embassy in London went on strike yesterday after being asked to return to Dublin.

The protest, involving 20 women clerical workers at the embassy in Grosvenor Place, threatened to disrupt passport and consular services and brings a new Irish problem to within yards of the Queen's back garden in Buckingham Palace.

It centres on a policy, introduced in 1986 by the Irish Department of Foreign Affairs, to fix the duration of foreign postings to three or four years.

The staff on strike, who came to London before 1983, say they should have the right to stay indefinitely in the land of warm beer and soggy chips.

The argument came to a head on Monday, when one of the women was due to start work in Dublin. By yesterday negotiations had broken down and the staff began indefinite strike action.

One striker said: "There is absolutely no reason why I do not want to work in Dublin. It is just that I think I should have the choice."

The workers, many of whom have lived in England for nine years, say prices in London, with the exception of accommodation, are lower than in Ireland.

Many would have to break strong ties if sent back to Dublin and have the full sympathy of colleagues there.

Mr Pat Magee, from the Dublin-based Civil & Public Staff Union, said: "They have made their homes in London and have even married Englishmen and have families there."

The embassy said the strike would delay the issue of passports and some other services. Nor is it the best welcoming present for Mr Andrew O'Rourke, who became ambassador only a few weeks ago and now finds himself without a typist.

Yesterday the Department of Foreign Affairs in Dublin issued a statement stating that staff are required "to perform any duties assigned to them from time to time as appropriate to the grade."

And that applies whether they are sent to Bangkok, Baghdad or London.

Three bankers appointed to Sedgwick board

By Nick Barker

SEDGWICK GROUP, the world's third largest insurance broker, has appointed three international bankers as non-executive directors, bringing to 10 the total of non-executive seats.

The three are Mr Rupert Hambro, former chairman and chief executive of Hambro Bank; Mr Franz Lotz, general manager of Swiss Bank Corporation; and Mr Pierre Moussa, former chairman and chief executive of Banque Paribas.

Mr Moussa is also chairman of Dillon Read, an investment bank 50 per cent owned by Travelers Corp, a large US insurance company.

Mr George Hilton, Sedgwick's group secretary, said Sedgwick had significant interests in Europe and the three appointments would add extra expertise.

Alan Pike and David Thomas profile the incoming chairman of a large state industry Post Office chairman who hopes to deliver

SIR BRYAN NICHOLSON, who was yesterday appointed chairman of the Post Office, went to the Manpower Services Commission on secondment from Rand Xerox three years ago.

He had little public profile before his appointment as the commission's chief. The 50-year-old businessman succeeded Mr David Young, now Lord Young, the fast-rising politician. One senior commission official, who had been hoping for a household name to follow Lord Young, greeted the new chairman as a household name in his own household.

Sir Bryan is probably little better known by the public three years later, as he takes up the chairmanship of one of the state industries most in the public eye. With a few exceptional moments — such as the occasion last year when he branded British workers and managers as a "bunch of thickies" because of their inadequate training — he has never looked like becoming a well-known figure.

However, he has quietly brought both business and political skills to the MSC chairmanship which have won the respect of civil servants, and both employers and trade union leaders on the commission.

His previous background in the private sector has led to a determination that the commission should function in an efficient, businesslike way and a thirst for detail which will

translate easily to his new post. A conviction that British companies would improve their investment in education and training only if they were convinced that the results would show in the balance-sheet has guided many of his actions during his MSC chairmanship.

Although the MSC remains a tripartite body run by an independent commission, its priorities have increasingly been set by the Government. Sir Bryan has supported these priorities, but shown calmness and an independence of style in carrying them out.

These qualities will be sorely tested if the Government ever decides to privatise parts of the Post Office, a move which would be greeted by fierce resistance by the postal unions, which still wield considerable influence in the corporation.

When Sir Bryan arrived at the MSC several small wars were in progress. The further education service was furious over Government proposals to transfer large amounts of further education spending to the commission, and a restructuring of the Jobcentre network was provoking widespread opposition.

Some observers thought Sir Bryan would lack the political experience to resolve such problems. But then — and since — he has shown considerable ability in bringing together the often opposed interests of the employers,

unions and local authority groups on the MSC and building consensus.

There will be considerable scope for such talents in his new post, although he inherits a better legacy than that handed to his predecessor, Sir Ron Dearing, in 1981.

In the 1970s, the Post Office had an unglamorous image. It was seen as over-manned, with low productivity and ever rising prices, facing an increasing squeeze from newer ways of sending messages, such as electronic mail.

The Post Office's reputation has been transformed in the 1980s, allowing Sir Bryan to say yesterday, as he travelled in his car to his first meeting at the Post Office, that his aim was to "build on the considerable achievements of Sir Ron Dearing."

Consumer organisations agree. "The economics of the whole thing are good now. Volumes are going up and staying up," according to Mr Julian Blackwell, chairman of the Mail Users' Association and of the Blackwell Group.

Most expectations, the number of letters sent has increased 26 per cent over the past five years. This was partly due to new types of demand such as direct mail advertising, but also to Sir Ron's policy of keeping price rises below inflation.

A drive on costs paved the

way for the Post Office's ability to keep down prices. Pioneering deals with the postal unions allowing greater labour flexibility and the use of more part-time workers have underpinned this exercise in an industry where labour accounts for as much as two-thirds of costs.

This has fed through into the bottom line, with the corporation consistently turning in profits — almost unique among postal administrations throughout the world.

Yet Sir Bryan still has plenty to do in his new post. Priority number one, at least in the eyes of many consumers, is improving on letter delivery times: last year about 87.7 per cent of first class letters were delivered the day after posting, against a target of 90 per cent, according to Post Office statistics which are themselves doubted by consumers' organisations.

"He's got to get quality sorted out," Mr Blackwell said yesterday, a point echoed by Sir Bryan himself: "I think the issue of getting the last 3 per cent of points is obviously very important."

To do this, Sir Bryan will need to tackle the unofficial disputes in some blackspots, such as parts of central London, which are a testament to the continuing resistance to the productivity demands among some local activists.

He will also need to manage



Sir Bryan: has shown calmness and independence

the smooth introduction of the Post Office's ambitious plans to automate key parts of its operations, such as its counters.

Sir Bryan believes his patient dealings with the unions at the MSC and, before that, his management of a high tech organisation as chairman of Rank Xerox UK demonstrate the right track record for the job.

He summed up his task as completing the transformation of the Post Office started by Sir Ron into a market-driven, commercially oriented organisation.

MoD admits frigate computer project delay

By Terry Dods, Industrial Editor

THE Royal Navy's Type 23 frigates will be forced to enter service without a fully computerised command network to run their weapons systems, the Ministry of Defence admitted yesterday.

The announcement follows several months of speculation about the future of the warship's computers after the original project to upgrade the Navy's Ferranti CACS system ran into trouble.

Because of these problems the ministry has decided to abandon the CACS product line after spending about £30m trying to upgrade it to meet more complex data processing requirements.

A new system is to be developed which will require a definition phase of about a year to decide on the appropriate product, followed by detailed development and production

work which will push back the original programme for installation in the Type 23s.

Command systems lie at the centre of a modern warship's weapons capability, taking decisions on target priorities and other terminals and translating it into possible courses of action.

As weaponry has become more sophisticated, the need for more powerful computers has developed. Demand has also grown for more flexibility, so that the computer can handle the many requirements thrown up by the progress in electronic warfare.

The ministry's decision reflects the shift in defence procurement towards more competitive forms of tendering for design and production work. It also underlines the Government's sensitivity to the computing needs of future generations of weapon systems

— a point which was proven by the cancellation of the Nimrod airborne early warning system last year, partly because of problems associated with its computer.

Two consortia chosen for the £2.5m definition studies on the new project will include Ferranti, which has had a virtual monopoly of shipboard computing systems for the Navy for many years.

Ferranti will be working with Logica, a UK software house, and will be competing against Plessey, which is involved in Navy projects with its sonar systems and which will undertake joint development with Software Sciences, the Thorn EMI software company.

Which ever wins, the final production contract could attract work estimated by City analysts to be worth between £150m and £300m over a 10-year period.

Ferranti said yesterday that the abandonment of further development of its CACS product line would be unlikely to have any impact on jobs, although employment could be affected if it failed to win the production contract.

The company has reduced the workforce in its Computer Systems division by about 200 to 500 over the past 18 months.

The ministry, which said yesterday that the new command system would not be available before the "early 1990s," sought to play down the effects of the delays on the computer system, stressing that ships' officers would be able to operate all the weapons and sensors individually.

The first of the Type 23s, four of which are on order, was launched a few weeks ago, but is unlikely to be fully fitted out for service before 1990.

BBC vans to be given a facelift

By Fiona McIlwan

THE BBC is sharpening the image of its 1,000-strong fleet of commercial vehicles with a new livery and logo.

The facelift, the first since the corporation's inception more than 40 years ago, is an attempt to promote a more contemporary image.

Mr Michael Bunce, controller of information services, said: "Over the past few years the excellence of the BBC programmes has not been sufficiently reflected in the identity of its livery."

Instead of the green of the present vans, which have been described as dowdy, the new look will be grey.

Side posters promoting long-running BBC programmes, such as the test match or the Proms, also show that the BBC is not averse to advertising itself.

"The vehicles will be elegant travelling ads for our programmes and networks," said Mr Bunce. The corporation's initials have also been redefined and colour-coded to identify different television regions.

The BBC insists that the new look, in the pipeline for more than a year, is unconnected with the appointment early this year of a new director general, the cost of the project, handled by the Michael Peters Group, is not disclosed.

Although the new logo is likely to be applied in time to such other things as stationery, it is unlikely to be seen on screen in the immediate future.

Open College broadcasts start next month

By Raymond Snoddy

THE OPEN COLLEGE, the distance learning initiative which will use broadcasting to try to improve vocational training, plans to offer more than 50 courses in its first year.

The first programme, an hour-long live general production for new learners, will be broadcast on Channel 4 on Monday September 21.

The Government has contributed £15m to set up the college, which is intended to complement the Open University.

Although the college is supposed to become self-financing from industrial sponsorship and fee income within three years.

Miss Sheila Innes, chief executive of the Open College, said yesterday that each day would have a distinct theme in the Channel 4 schedules, although BBC television and radio and other media would broadcast individual programmes.

On Mondays there would be general live programmes for learners produced by Yorkshire

Television, and on Fridays a regular programme for tutors produced by Diverse Productions, an independent production company.

Tuesday programmes would concentrate on "getting started" and were expected to concentrate on basic skills such as numeracy and literacy. Wednesday would deal with personal skills, including business and management, and Thursday would feature technology.

One of the first courses to be introduced will be on selling

techniques for the retail sector. Business and management skills are also emerging as a strong theme.

Details of the courses, which are attracting attention from other countries, will be announced at the end of this month.

The college hopes to attract 50,000 students in its first year. A recent documentary by Granada TV on the college and an advertisement on London Weekend Television generated more than 2,500 inquiries.

Civil Service policy query

By David Brindle, Labour Correspondent

CIVIL SERVICE trade unions have asked for assurances from the Government on the management of the service and requested consultation on changes in management policy.

This follows the announcement last week that the Management and Personnel Office, part of the Cabinet Office, was to surrender to the Treasury much of its managerial responsibility for the service.

Mr Peter Jones, secretary of

the Council of Civil Service Unions, sent a letter to Sir Robert Armstrong, Cabinet Secretary and Head of the Home Civil Service, in which he said the unions were not consulted about the changes.

"With the abolition of the MPO, the dominance of the Treasury can only increase, and the possibilities for ensuring the input of vital non-financial considerations will disappear," he said.

June trade deficit falls sharply

By Janet Bush

THE current account of the balance of payments remained in deficit in June, but the shortfall of £168m was sharply reduced from May's £527m deficit, according to figures released yesterday by the Trade and Industry Department.

The figures show a £768m shortfall on visible trade, reflecting still-strong growth in imports and less dynamic growth in exports. June's visible deficit was only partly offset by a £600m estimated surplus on trade in invisibles. June's deficit compares with the £1.15bn shortfall on visible trade recorded in May.

Taking together the three months April to June, there was a deficit on visible trade of £2.4bn made up of a surplus on trade in oil of £1bn and a deficit on non-oil trade of £3.5bn.

The visible balance has deteriorated by £1.3bn since the first quarter, reflecting mostly a sharp rise in the deficit on non-oil trade.

The volume of total exports fell by 3 per cent between the first and second quarters to a level 34 per cent higher than in the April to June period last year. Excluding oil and erratic

	CURRENT ACCOUNT £m, seasonally adjusted				
	Current Balance	Visible Trade	Exports	Imports	Invisibles
1985	+2,450	-2,178	78,111	80,289	+5,678
1986	-120	-8253	72,843	81,096	+8,133
1986 Q1	+1,064	-1,227	18,164	19,391	+2,291
Q2	+163	-1,551	17,786	19,337	+1,714
Q3	762	-2,075	17,735	20,428	+2,142
Q4	585	-1,600	19,340	21,942	+2,017
1987 Q1	+667	-1,135	19,637	20,772	+1,802
Q2	+650*	-2,430	19,323	21,753	+1,800*
April +	64*	-536	6,604	7,140	+600*
May -	527*	-1,127	6,347	7,473	+600*
June -	168*	-768	6,373	7,140	+600*
Jan-June 1987 +	27*	-3,545	38,960	42,525	+3,602*

* Invisibles for April to June 1987 are projections.

items, export volumes fell by 14 per cent between the two quarters but remained 6 per cent higher than the period from April to June last year.

In judging the underlying trend, the department said non-oil exports had settled at a level a little below the high totals reached at the end of last year.

In contrast, import volumes jumped by 54 per cent between the first and second quarters to stand 9 per cent higher than the period from April to June last year. Excluding oil and erratic

items, the growth in import volume between the two quarters was also 64 per cent and 94 per cent above the second quarter, 1986. Within these totals, imports of cars and consumer goods stood out. Car imports grew 18 per cent between the first and second quarters and finished consumer goods imports increased by 10 per cent. The import of capital goods was only 24 per cent higher in the period from April to June compared with January to March.

Foreign cars account for more than half of sales

By John Griffiths

CARS with more than 60 per cent local content account for less than half of sales so far this year.

This is in spite of statistics from the Society of Motor Manufacturers and Traders earlier this week showing that imports accounted for only 49.25 per cent in the first seven months.

The society figures include as British Nissan Bluebirds assembled at Washington, Tyne and Wear.

However, under the terms of Nissan's agreement with the Trade and Industry Department, output of 24,000 cars a

year at Washington will be treated as imported as long as their European content is less than 60 per cent — a proportion yet to be achieved.

In the first seven months of this year, 9,495 Washington-assembled Bluebirds were registered, representing 0.9 per cent of the 1,063,386 total sales.

When this percentage is added to the society's calculation of imports, UK-sourced cars are reduced to a minority.

The society yesterday acknowledged a difference of interpretation. It said its statistics were compiled according to where the cars had been built.

Notice to purchasers of baths made by Spring Bathrooms between August 1986 and May 1987:

During this period about 3,500 baths, labelled and described as being made from "ICI Perspex" and with a 20 year guarantee, were, in fact, constructed from extruded material not made by ICI which does not comply with the minimum British Standard BS4305 for baths. These baths, forming part of a production run were made and sold by Ram Bathrooms plc who trade as Spring Bathrooms. Perspex acrylic sheet manufactured by ICI for bath manufacture does comply with the British Standard.

ICI has obtained judgment against Ram Bathrooms plc from the High Court in London prohibiting Ram from selling any more wrongly labelled baths. ICI has also managed to trace almost 500 of those baths already sold but unfortunately, despite ICI's best efforts, the balance of the wrongly labelled baths remain untraced and it may be that one of them is installed in your bathroom.

Baths manufactured from the extruded material can be identified by inspection of the edge of the bath: they have an extra intermediate layer between the coloured acrylic face and the white fibreglass reinforcement, and the intermediate layer usually appear dark. Baths manufactured from Perspex have no such intermediate layer.

If you bought a Spring Bathrooms bath which was labelled as being made from "ICI Perspex", and which you believe to have been wrongly labelled, you are entitled to contact Ram Bathrooms plc and/or your bath supplier and ask for a bath made from genuine Perspex to be provided for you.

Department of Trade and Industry

CUBA

IMPORTANT NOTICE FOR UK EXPORTERS

OVERDUE SHORT-TERM DEBTS TO UK COMPANIES

If you are a UK firm with an overdue short-term debt (up to 360 days) with the Cuban Authorities then the Department of Trade and Industry would like to hear from you urgently.

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The Cuba Desk,
Department of Trade and Industry,
Room 129,
1 Victoria Street,
London SW1H 0ET.
Telephone 01-215 5296/5036/5038/5040.

● FT LAW REPORTS

Share exchange is disposal of assets

WESTCOTT (INSPECTOR OF TAXES) v. WOOLCOMBERS LTD.

Court of Appeal (Lord Justice Fox, Lord Justice Nourse and Sir Denys Buckley): July 31, 1987

WHERE A company transfers shareholdings to another company within its group in exchange for an issue of shares, the transaction for its own corporation tax purposes is deemed not to be a disposal; but on subsequent disposal of the same asset within the group, allowable loss or chargeable gain is assessed on the basis that the exchange was a disposal and that each company gave a consideration for the asset equal to the price paid for it by the original company.

The Court of Appeal so held when dismissing an appeal by the Inland Revenue from Mr Justice Hoffmann's decision ([1986] 2 FTLR 1) that a disposal by a subsidiary company, Woolcombers Ltd, of an asset bought from another subsidiary in the same group, gave rise to an allowable loss for corporation tax purposes.

Paragraph 2(1) of Schedule 15 to the Finance Act 1965 provides: "... where a member of a group of companies disposes of an asset to another member of the group, both members shall ... be treated ... as if the asset were acquired for a consideration of such amount as would secure that on the other's disposal neither a gain nor a loss would accrue to that other ..."

Paragraph 4(2) of Schedule 7: "... reorganisation ... of a company's share capital shall not be treated as involving any disposal of the original shares ... and the new holding ... shall be treated as the same asset."

Paragraph 6(1) of Schedule 7: "... where a company issues shares ... to a person in exchange for shares in ... another company, paragraph 4 above shall apply with any necessary adaptations as if the two companies were the same company and the exchange were a reorganisation of its share capital."

LORD JUSTICE FOX said that in 1968 a parent company acquired the issued share capital of three companies for £1,370,380. On March 23 1986 it transferred the shares in those companies to its wholly-owned subsidiary, Topmakers, in consideration of 1,999,900 newly-issued shares in Topmakers. Topmakers sold the shares in the three companies to another subsidiary, Woolcombers, for £601,235.

On January 7 1978 the three companies went into voluntary liquidation. The market value of the assets received by Woolcombers on distribution in the liquidation was £601,235.

The dispute was whether the distribution gave rise to a loss available to Woolcombers for corporation tax purposes.

Chargeable gains were computed on the rules applicable to capital gains tax, under which consideration for the acquisition of an asset was deducted from the consideration for its disposal.

The relevant disposal by Woolcombers was the liquidation of the three companies. The consideration was the £601,235 market value of the proceeds of the liquidation. The issue was whether that was displaced by the operation of paragraph 6(1) and 4(2).

The combined effect of paragraphs 4(2) and 6(1) was to impose two sections: "the no disposal section" ... shall not be treated as involving any disposal ... and the composite single asset section: "the original shares ... and the new holding ... shall be treated as the same asset ..."

Those sections were only applicable to a case which was within paragraph 6(1) "with any necessary adaptations."

Paragraph 4(2) was concerned with one company situation, where the shareholder started and finished with shares in the same company.

Paragraph 6(1) was concerned with a two company situation, where the shareholder started with shares in one company and ended with shares in a different company. That was the present case. The parent started with shares in the three companies and finished with shares in Topmakers.

In the two company situation some adaptation of paragraph 4(2) (which was designed for the one company situation) was necessary.

Thus, in the present case, the composite single asset section could not be fully applied. The shares of the three companies in the hands of Topmakers could not be regarded as the same asset as the newly issued holding, which was in different ownership.

The Revenue submitted that all that was necessary to avoid that difficulty was to treat the single composite asset section as not applying to the shares in the three companies after their transfer to Topmakers. It was not necessary, it said, to interfere with the no disposal section. All that was involved was the assumption that Topmakers

adaptations as if the two companies [Topmakers or each of the three companies] were the same company and the exchange were a reorganisation of its share capital.

The Revenue contended that the result of those provisions was that the parent must be treated as not having disposed of the shares in the three companies, or having acquired the shares in Topmakers. It said paragraph 2(1) did not come into operation because it required a disposal as well as an acquisition within the group. The result was that Woolcombers made neither a profit nor a loss.

There was no doubt that transfer of the shares in the three companies to Topmakers was a disposal. The question was whether that was displaced by the operation of paragraphs 6(1) and 4(2).

The combined effect of paragraphs 4(2) and 6(1) was to impose two sections: "the no disposal section" ... shall not be treated as involving any disposal ... and the composite single asset section: "the original shares ... and the new holding ... shall be treated as the same asset ..."

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acquired the asset without a disposal.

That was not accepted. Paragraph 4(2) was concerned to ensure that the shareholder of the not taxed in consequence of the transposition of his shareholding. If one of the actions could not be applied to Topmakers, the other could not either. The actions were part of a single tax hypothesis and went together.

The purpose of that hypothesis was to relieve the shareholder in a one company situation, and the transferor of the original shares in the two company situation from liability to tax.

In the two company situation the purpose could be achieved by limiting the actions to the tax consequences of the transfer to the owner of the original shares (the parent company).

The single composite asset section simply could not be applied to Topmakers; and to apply the no disposal section to Topmakers, which had undoubtedly acquired the shares in the three companies by transfer, must be assumed to have done so without any disposal to it.

There was no reason to accept so unreal a result when the purpose of the legislation could be achieved by limiting the operation of the sections to the parent company's tax position. That result did not avoid artificiality, but the court was dealing with actions, and in pursuance of the statutory direction, adapting them as realistically as it could, to a situation which was very different from that for which paragraph 4(2) was designed.

On ordinary principles the transfer by the parent to Topmakers was a disposal. If the analysis of the effect of paragraphs 4(2) and 6(1) was correct, that concluded the matter, since the parent would be treated as disposing of the shares for £1,370,380, as would Topmakers.

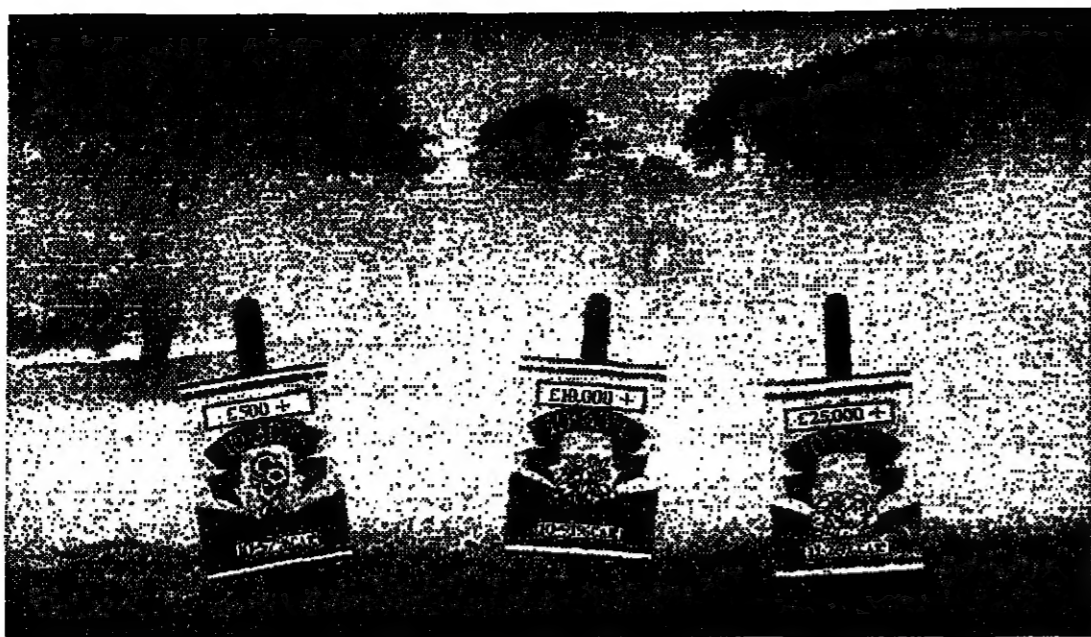
As far as the group was concerned there was a real loss. If the parent had purchased shares in the three companies for £500,000 and the liquidation had produced £1m, the group would have made a real profit. There was no reason why it should not be taxed or given allowance accordingly.

The appeal was allowed. Lord Justice Nourse agreed. Sir Denys Buckley gave a concurring judgment.

For the Revenue: Christopher McCall QC (Inland Revenue Solicitor).

For Woolcombers: Andrew Park QC (Herbert Smith & Co.).

By Rachel Davies, Barrister.



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WHAT WOULD you like to drink with your lunch—Perrier or ditch water?

The question is likely to be met with an astonished silence in most restaurants, but it is one of a series raised in the wake of recent developments in Britain's water purification industry.

Technological advances, which allow very pure water to be produced in large quantities for industrial applications, are spilling into the domestic market with sales of domestic water purifiers rising rapidly. The paradox is that, although the case for pure water for industry is clear cut, purity is not necessarily synonymous with healthy living. After all, there is little dispute about which is better, brown bread or white.

For about £500 it is now possible to buy an under-the-sink unit which will convert tap water from a cocktail of dissolved minerals, particles in suspension, organisms and other impurities, into a clear, palatable and odour-free drink.

At the same time, sales of bottled mineral water have accelerated in recent years. Mintel, the market research specialists, estimate the UK market, led by Perrier, has expanded from sales of 6m litres in 1977 to 50m litres in 1986.

The demand for cleaner and more palatable water has triggered the growth of domestic purification. But it is the large-scale industrial users which have pioneered research into water.

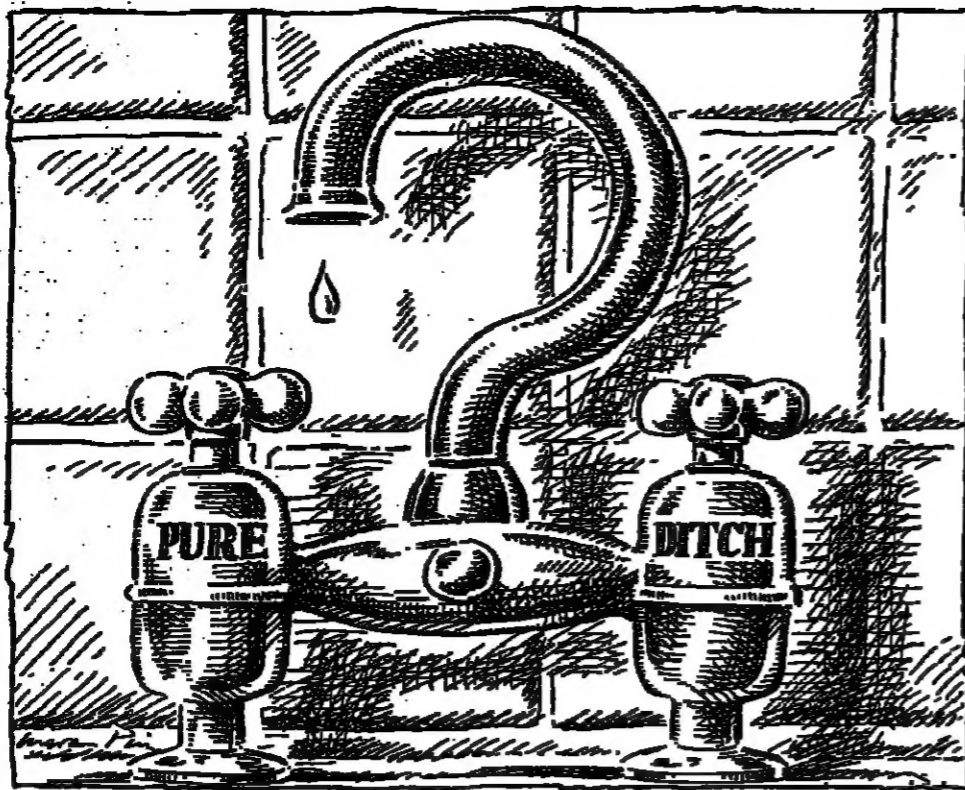
The industrial water purification market—not to be confused with the softening industry—expanded considerably in the 1970s to match the demands of power stations and heavy industry. Its turnover is now worth about £250m a year with exports accounting for about half of this figure.

Pure water is used in steam turbines to stop the build up of deposits on blades. Electronics companies need ultra pure water to wash tiny circuit boards where the intricate and densely packed connections could be shorted by particles as small as a molecule.

Companies like Dewplan and Elga, both small but thriving concerns based in High Wycombe, Buckinghamshire, aim to manufacture systems which can produce water with just one part of impurities per billion of water—equivalent to a level teaspoon of salt in an olympic size swimming pool.

Such extreme levels are probably as near to theoretical purity as it is possible to achieve. "We are setting down to the limits of detectability," says Peter Jackson, process director at Dewplan.

Now the target is to produce



Good health: Make mine a Perrier-ditch cocktail

The European Commission announced last Friday that it was taking legal action against seven member states for failing to keep the purity of their water up to EC standards. But is pure water synonymous with healthy living? Ralph Atkins reports

pure water in larger quantities. A modern nuclear power station, for instance, can need 700 tons an hour.

The task is to remove dissolved minerals and gases, organisms, organic impurities and particles in suspension. Four methods can be employed.

The first is distillation. Although popular in hospitals and laboratories to produce sterile water, it is an expensive and slow process involving condensing and then cooling water.

The second technique is filtration. Meshes of varying density are used to remove undissolved particles. These range from gravel and sand down to clay suspensions perhaps as small as a tenth of a millimetre of a metre.

In the third method, ion-exchange resins are used to remove unwanted ions—atoms carrying an electrical charge. The resins, which look and feel

like sand, work by swapping ions such as sodium with hydrogen ions which, together with oxygen ions and H₂O molecules, are found in pure water.

Finally, reverse-osmosis is used to remove the tiniest particles and organisms. In normal osmosis, particles move across a membrane from an impure solution to a purer one.

But by applying pressure in the opposite direction to this natural flow, it can be used to push out impurities.

In industrial applications these methods are often combined to match customers requirements and the quality of the local water supply.

The systems can grow to large proportions. Elga boasts eight regeneration towers, almost reaching the ceiling of a converted bus garage, which are used for regenerating ion-exchange resins. Reverse-osmosis tubes, filled with man-

made fibres, looking like a shrunken knitted jumper, can be as long as an articulated lorry.

Domestic systems, however, are smaller and the requirements are very different. Totally pure water is not only bland to taste but possibly dangerous for humans to drink because it is a strong solvent.

Large quantities would drain important minerals out of the body.

Tap water, with perhaps 400 parts of impurities per million of water, provides a supply of bacteria and other organisms which add to the flora and fauna of the human gut and help digestion and fight disease.

These are not present in purified water or bottled mineral waters which have filtered through porous mountain rocks.

"Man was designed to drink water out of the nearest ditch," explains George Solt,

director of water sciences at the Cranfield Institute of Technology. But, he points out, the problem in the 20th Century is that humans are not designed to cope with the side-effects of modern industrial and agricultural minerals.

The quality of tap water is carefully monitored by the water authorities and has to meet strict standards set by the Government. However, in recent years, there has been increasing concern—largely unproven—about the potentially harmful effects of some impurities that remain.

The controversy centres mainly on nitrates from fertilisers which, if they enter the blood stream, can reduce its ability to carry oxygen around the body and possibly lead to the creation of carcinogenic forms—which can cause cancer. The problem of lead from pipes is well known but excessive aluminium could destroy the nervous system if allowed to build up in large quantities, and its presence in water is particularly dangerous if used by patients on kidney dialysis machines.

In the US there is concern that chlorine used in water treatment plants may form compounds with organic impurities which may in turn oxidise or be broken down by bacteria to create haloforms. These are compounds formed from elements such as fluorine or chlorine and which might be carcinogenic.

Domestic water purifiers vary in size, cost and effectiveness. Some merely remove odour and colour but others deploy techniques like reverse-osmosis and ion-exchange which can effectively remove the majority of impurities.

The water they produce, however, is not necessarily ideal for humans if it lacks useful minerals and organisms—unless they are found in other parts of a diet.

There is another problem for the ultra cautious health freaks. Some impurities—particularly haloforms—are volatile meaning that if they were present in water they could be more likely to affect humans in the form of steam from hot showers. Baths would probably be less of a problem.

But to provide enough water for showers would need a large purification system. Bathing in Perrier would be expensive and the bubbles might itch.

The health freak, therefore, finds himself in a quandary. Modern ditch water might contain impurities that could do long-term harm. Mineral water might be too pure.

How about a measure of Sweet ditch, mixed with Perrier?

WORTH WATCHING



Edited by Geoffrey Charnock

Watchful eye on faraway places

SECURITY VIDEO monitoring of a location can be quickly arranged with an easily-transported system from Real Time Security Systems of Aldermaston in the UK.

Once set up, the 10th battery-operated unit can be triggered by intruder sensors. It will then send a single frame of TV back to a surveillance base every 22 seconds over a radio link or phone line. At base, the pictures appear complete with on-screen identification of time, date and location. The system is well suited to the surveillance of remote, hazardous or normally inaccessible places.

Microscope images put in the frame

THOSE WHO have to look into a microscope eyepiece for extended periods should benefit from an electronic imaging system developed by FA Technology, the UK research group, for German microscope specialist Ernst Leitz Wetzlar.

Using a black and white TV camera bolted to the microscope optics, the new unit, called Multicam, takes a single TV frame and digitises the video signal. The user can then ask the electronics to process the image in various ways to improve visibility and pick out details that otherwise would be difficult to see. For example, selected parts of the image can be "stained" with false colour, contrast can be improved or otherwise altered, edges sharpened up, or shading put round an object to give a three-dimensional effect. UK production of the unit is expected to start before the end of the year.

The easy route to business grants

ACCORDING to Business Grant Services (BGS) of Charlbury, Oxford, although there are about 400 grants available in the UK for a variety of purposes, many commercial organisations do not even know they exist.

BGS has developed a computerised information service called Grant Man that will match the needs of its clients to the appropriate grants, ignoring those for which the client company is not eligible.

The list of grants changes continuously and BGS is able to provide an updated and tailored portfolio covering employment and training, business and technical advice, investment, innovation, exporting and several other categories. Information on the grants is laid out by BGS in a common format, making comparison and comprehension relatively easy.

Daiwa plugs into London markets

THE DATA processing arm of Daiwa Securities Company of Japan has set up a subsidiary in London.

Daiwa Computer Services Europe has been established to offer specialised data processing services tailored to the international securities industry operating through the London market.

Founded in Tokyo in 1975 to provide services for the Daiwa group, the computer services company has developed several innovative services, including a home trading system which enables investors to buy and sell stocks from their personal computers, at home.

Sparking ideas of cheaper aluminium

BATTELLE, THE US research group, says that aluminium producers could reduce their electrical consumption by 30 per cent using new, inert electrodes it has developed. Carbon electrodes in aluminium production conduct large electrical currents in special electrolytic cells. They wear away and it takes about 0.5 lb of carbon to make 1 lb of aluminium. The new electrodes are made of metallic-ceramic compound. They are said to wear away "very slowly" and use less electricity.

There may be equivalents but there are no equals.



Rust-busters seek concrete proof

ALTHOUGH ITS effectiveness is still being evaluated, a method of protecting the steel reinforcing bars in concrete structures is said by the proponents, TAFE Inc, of Concord, New Hampshire in the US, "to hold promise."

The corrosion of the bars when moisture is present is because of an electrolytic action in which, in effect, a battery is formed and the steel bars, forming an electrode, are turned into iron oxide. A way of nullifying the effect is to apply an electric current in the opposite direction. The TAFE method achieves this by spraying the external surface of the concrete with a 0.007-inch layer of zinc and applying a voltage.

The company believes that the method "could immeasurably extend the life of concrete bridges" while reducing maintenance costs. After grit blasting the concrete to clean it, coatings are applied with specially-designed electric arc spray guns developed by TAFE. Several experimental installations are under assessment in the US and Canada.

Magnetic cards join the club

SMALLER ORGANISATIONS like sports and social clubs and others that need secure access to premises, can issue their own magnetic stripe plastic cards using the PC-250 card encoder from Data-stripe of Camberley in the UK.

The system costs only £750 and will encode and read a single track of data on a standard magnetic stripe card. It is designed for use in conjunction with an existing IBM personal computer, the keyboard of which is used to enter the encoding data.

CONTACTS:

Real Time Security Systems: UK, 07558 77781; PA Technology: UK, 0763 61222; Business Grant Services: UK, 0908 611212; Daiwa Computer Services Europe: London, 248 9005; Battelle: London office, 482 0184; TAFE: US, (603) 224 9085; Datastripe: UK, 0276 554086.

Half the population of Holland are clients of the same bank. The Postbank.

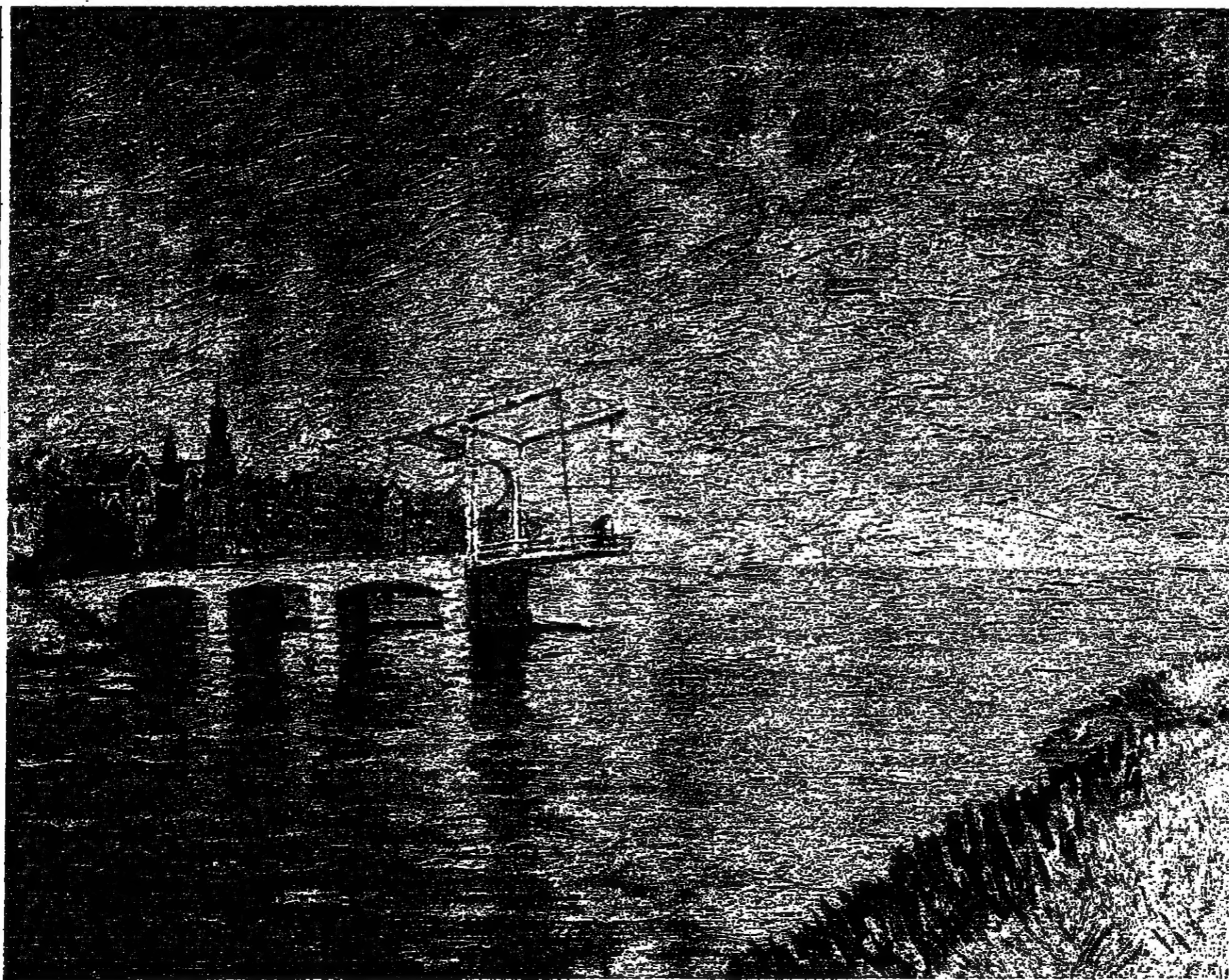
Now some may say there is room for improvement. But you could equally claim that this is a unique achievement. For any bank in the world.

So why, you may ask, does the Postbank have such a low international profile?

The answer is rather complicated. The Postbank is the result of a recent merger between two national phenomena, which, until now, have concentrated on the domestic market.

First the "Postgiro", which handles nearly 50% of all bank transfers in Holland and issues the country's most used cheques.

And second the "Rijkspostspaarbank", which holds 7 million savings accounts (the population is just 14 million) and is the second



Imagine what would happen to Holland without the clients of the Postbank.

largest bank in the country for financing private property.

These two semi-governmental institutions have now joined forces and entered the market as the independent and commercial Postbank.

And the future aim of the Postbank? To intensify its relationship with the business world both at home and abroad.

At home that relationship already exists in the field of high-tech payment facilities with 80% of all Dutch businesses.

And abroad? Well, there is room for improvement there. Which is why we are introducing ourselves here.

Because although we may serve half of Holland, we're not planning to do international business by half.

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Postbank N.V., P.O. Box 20079, 1000 CA Amsterdam, The Netherlands.

JOBS

Further laws of organisational stupidity

BY MICHAEL DIXON

JUST in case other readers share the suspicions harboured by a certain John Pettenger of Bracknell, there is something which needs to be confirmed. It is that the Jobs column has not been banned by the Law Lords from printing anything further about the laws of organisational stupidity.

The reason for the lengthy silence is that the work done on the topic since last December has been mainly to refine the 17 such laws already formulated. Take for example the one called Winkler's Twist in honour of its discoverer by the sociologist Jack Winkler.

What he discovered was that if the pay and other benefits of a job are so routine that the worker comes to expect them as a matter of course, they cease to have a motivating effect. The only way an employer can use them as an incentive to work harder and better is to threaten to stop giving them. In that case, instead of motivating positively as rewards to the workers who receive them, they do so only negatively as punishments to those who do not. The same applies the other way round if penalties prescribed for misdoings are over-routinised too. In the version in which I last printed it, Winkler's Twist stated: Routine responses motivate only those who are withheld from. Although that was patently an unsatisfactory wording, it was the best that could be managed at the time.

While the problem of improvement was being wrestled with, it was realised that the law is more generally applicable than had previously been recognised. For instance, it covers not only bureaucratic-type salary systems but also the phenomenon of the mechanical alarm clock that does not prevent you from sleeping by its ticking, but wakes you up when it stops.

So it has now been rephrased to state: Routine events stimulate only when they fail to occur.

But nitty-gritty work like that is not all that has been going on. There have also been initial talks with a manager of an eminent book-publishing company who is interested in putting out a slim volume about the laws if he can persuade his organisation that anyone would be likely to buy a book on such a subversive topic. Moreover two further laws have been provisionally formulated to bring the total up to 19.

The first of the additions, contributed by reader Michael Nevins, is named Solzhenitsyn's Shackle because the nub of it is spelt out in Alexander Solzhenitsyn's book August 1914. The opposite passage, in chapter 24, reads:

"The army will gladly pay tribute to a brilliantly gifted man—but only when his hand is already grasping a field marshal's baton. Till then, while he is still reaching for

it, the army's system will subject his outstretched arm to a rain of blows.

"Discipline, which holds an army together, is inevitably hostile to a man of thrusting ability, and everything that is dynamic and heretical in his talent is bound to be shackled, suppressed, and made to conform. Those in authority find it intolerable to have a subordinate who has a mind of his own; for that reason, an officer of outstanding ability will always be promoted more slowly, not faster, than mediocrities."

Hence Solzhenitsyn's Shackle, which rules: Excellence rises at a decelerating rate as the promotion ladder lengthens.

The second addition emerged from observations made by one of my colleagues, and so is named after her. It is Selby's Scrambler and states: Myths about a chief's wishes multiply with each link in the chain of command.

The scrambler also has an army context because it covers the legendary commander's message to "send reinforcements, we're going to advance" which, having been relayed down the line, reached headquarters as "send three and fourance, we're going to a dance."

But the same law is of course continually at work in large organisations of all kinds. One of the most arresting in-

stances I know of its working in the business world is the following incident, which was reported by a big-company middle-manager to the American management writers Rosabeth Kanter and Barry Stein.

"There are courtiers around the top guys, telling them what they want to hear, flattering them. For example, there was a luncheon with some board members. The vice-chairman mentioned that he was looking for a car for his daughter. A courtier thought: 'We'll take care of it.' He went down the line, and someone in purchasing had to spend half a day doing this. The guy who had to do it resented it, so he became antagonistic to the top."

"The vice-chairman had no idea this was going on, and if he had known, he would probably have stopped it. But you can't say anything at the top without having it be seen as an order. Even ambiguous remarks may get translated into action. At the top you have to figure out the impact of all your words in advance because an innocent expression can have a major effect."

Although one lesson from that incident for senior managers is careless talk can cost millions, the unfortunate fact is that they cannot rule out similar unwanted goings-on merely by keeping silent—or not if their company is organised in a bureaucratic way. For the observations that gave birth to the

scrambler indicate that, if there is any question important to subordinate rankers on which the chief might be expected to have a wish but has not expressed one, then myths will rush in to fill the gap.

Even with the two recent additions, however, the search for new laws is not complete. For instance, I have lately been alerted to another possible inclusion put forward in the 1980s by one Michel Crozier in the form: In a bureaucracy, people's power varies inversely with their predictability.

Since no law may be accepted into the code unless the way in which it works is understood, that one must remain only speculative until the full explanation has been tracked down. So if any reader knows what it is, I'd be very grateful to hear it.

Bundle of bonds

CITY of London recruiter Tom Kerrigan is seeking a variety of people for financial concerns in the area which he may not name. So, like the other headhunter to be mentioned later, he promises that no applicant who so requests will be identified to the employer at this juncture.

Two of the jobs—the first with a British bank of the merchant variety and the second with one of Middle East ownership — are for Eurobond traders with at least two years'

success in the field of bonds denominated in US dollars. In addition Mr Kerrigan has been asked by an American bank to find "several" demonstrably competent Eurobond salespeople; what currencies they have concentrated on does not matter.

For all those posts, salaries will be between £40,000 and £70,000 depending on experience, plus bonus on results that could double the basic, and minimum City perks.

Inquiries to Tom Kerrigan Associates, 2nd Floor, 20 Watwood Street, London EC2M 1RQ; telephone 01-688 4903.

Investment head

BRIAN BURGESS of the Lloyd Chapman Associates recruitment consultancy is looking for an investment director for an unnamed group's London subsidiary dealing and brokering in gilt-edged securities.

Candidates should have successful experience in gilt and taking a position therein, and preferably also in one or more of running a money fund, warrants and options, international currency fund management, and equity markets.

Salary around £50,000 plus bonus and share schemes and usual trimmings.

Inquiries to Mr Burgess at 160 New Bond St., London, W1Y 0HR; Tel. 01-408 1871, Telex 286942.

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For further details or an informal discussion of this appointment please contact Kevin Byrne on 01-248 3653 (076382-728 outside office hours) or send a detailed Curriculum Vitae to the address below. All applications received are treated in the strictest confidence.

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The Chairman and Managing Director of a manufacturing company with units in the UK and Europe require a Personal Assistant for their UK plant. The nature of their responsibilities and the Company's operation entails their spending time away from the UK, so to ensure continuity of control in their absence they wish to appoint a financially or commercially oriented graduate.

The major thrust of the position will be the vetting of control documents and following up appropriate actions, but as the incumbent will have no executive authority, the successful completion of many tasks will be dependent upon the personality and management skills of the individual selected.

Communication skills, written and spoken, must be of the highest order as much of the work will be done on behalf of the Chairman and Managing Director without their having the opportunity to approve it.

Applicants should be experienced administrators, be aged between 25 and 35, with a strong personality and a diplomatic manner. It is likely that the most suitable candidate will come from a small company background.

The Company has expanded steadily since establishing itself in the UK in 1971 and will provide an excellent career opportunity for anyone wishing to develop their commercial skills.

If you are interested in this position, please send comprehensive career/salary history, in confidence, or telephone for an application form quoting reference 57/91 to: E. P. Lardes, Simpson Crowden Consultants Limited, Specialists in Executive Search and Selection, 97-99 Park Street, London W1Y 5HA. Telephone 01-629 5909.

Simpson Crowden
CONSULTANTSCORPORATE
FINANCE DIRECTOR

£50,000 - £100,000

Our client, a new and innovative independent financial services house, seek a further senior executive to join their rapidly expanding corporate finance department.

Applicants, who will have a minimum of five years relevant experience in the field of mergers, acquisitions, takeovers and flotations, will be expected to service an already impressive client portfolio as well as provide new introductions.

Candidates will have accountancy, legal, broking or banking backgrounds and qualifications and are likely to be aged in their mid thirties to mid forties.

EXECUTIVES -
CORPORATE FINANCE

Our client is an Investment Bank with a strong commitment to expansion, both domestically and internationally.

They wish to recruit additional executives to join their international equities group in which successful candidates will work closely with senior personnel and corporate clients on a variety of transactions.

Applicants should be recently qualified ACAs or Solicitors with a keen interest in the markets together with the intellectual flexibility to work effectively in a dynamic, marketing orientated environment.

Please contact: Tim Clarke ACA, Jon Michel or Robert Digby on 01-563 0073 (or 01-870 1896 outside working hours).

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Excellent salary + car + benefits

The General Equipment Division of Greyhound Financial Services Ltd. requires additional persons to join its expanding sales and marketing team.

Candidates should be of graduate calibre and have a successful track record in the area of medium ticket asset finance (min. advance £100,000).

If you have the negotiating skills to be successful in this highly competitive and challenging area and would like the opportunity of working with a small team of experts then please send full C.V. to:

Miss P Taylor, Greyhound Financial Services Ltd., 11 Albemarle Street, London W1X 3HE.

GREYHOUND.

BANKING
MANAGER

As a result of rapid expansion in the demand for its mortgage products, we now require an AIB to take the role of Banking Manager within Hill Samuel Personal Finance.

This position, which will be based in modern offices in East Croydon, will appeal to the career-minded banker who will welcome the challenge of setting up and running a banking department responsible for all aspects of mortgage administration, including charged securities, customer services and accounting. Plans for the future include the expansion of the range of personal credit services together with the introduction of a number of deposit-related products and the successful applicant will be expected to contribute at senior level in these developments.

The ideal candidate will be an enthusiastic AIB with a retail banking background who has had some experience at assistant manager level. The position reports directly to the Financial Director and carries a competitive remuneration package including subsidised mortgage. Success in the appointment will be rewarded by the provision of a company car.

Please apply with brief C.V. and details of present salary to: Mr. P. J. Handford,



HILL SAMUEL PERSONAL FINANCE,
6 Greencost Place, London SW1P 1PL.
Tel: 01-828 5241

Wardley Investment Services
Singapore

Investment Manager

Due to the rapid expansion in the management of international discretionary funds, the Singapore office of Wardley, a wholly-owned subsidiary of the Hongkong and Shanghai Banking Corporation, seeks suitably qualified Investment Managers.

Candidates should preferably be residents of Singapore or Malaysia and have a minimum of three years' experience in portfolio management or international stockbroking.

Attractive remuneration package and excellent opportunities await successful applicants.

Please reply with full curriculum vitae to:

Mrs. H. M. Davies, Personnel
WARDLEY INVESTMENT SERVICES
INTERNATIONAL LIMITED
99 Bishopsgate, London EC2P 2LA

FINANCIAL
COPY/REWRITE
EDITOR

London

Prestigious investment banking house seeks experienced copy and rewrite editor to edit brokerage house reports. Financial background, strong logic, keen eye for detail, proof-reading skills, and ability to work quickly and efficiently under pressure required. Some knowledge of graphics, layout, and word processing helpful.

Send resume in confidence to: T. G. West, Managing Director, (Ref: 5769), Associates in Advertising, Columbia House, 69 Aldwych, London WC2B 4DX or telephone on 01-709 3290 and speak to Jean Keiman (transfer charge).

Please state any company to which your application should not be sent.

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Applicants should be experienced in managing Private Client Portfolios without supervision in a Stockbrokers office or other Financial Institution.

OFFICE MANAGER

Candidates should have had at least 5 years' experience in a similar position with a Stockbroking firm.

DEALERS

Qualified applicants will have been in a Stockbrokers' dealing room environment for a number of years and be prepared to work under pressure without supervision. Persons wishing to move to a pleasant working environment in this rapidly expanding tax haven should reply to:—

The Personnel Director
R. L. Storr & Co (I.O.M.) Ltd
Exchange House
54/56 Athol Street
Douglas
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Investment Analysts

Disillusioned with Commuting?

We are a North-West based stockbroking company which is part of a publicly-quoted and developing financial services group.

The expansion of the Research Department has created opportunities for young and enthusiastic, professional people to add to our well-established and expanding team.

The responsibilities will cover all aspects of investment research, although the department specialises in companies capitalised at under £50m. Vacancies exist at trainee level for candidates who are graduates and at a more experienced level for analysts who are expected to possess Stock Exchange or Society of Investment Analysts qualifications. Salary and benefits will vary according to qualifications and experience but will be fully competitive.

Prospective applicants should write to:

Mr. R. T. Race, Research Manager
CHARLTON SEAL LIMITED
76 Cross Street, Manchester M60 2EP

YOUNG ENTREPRENEUR

Our client is a successful businessman who requires a young, self-starter with a good understanding of property and finance who has the flair and entrepreneurial initiative to create profitable business ventures utilising our client's substantial funds.

The position requires high standards of business knowledge, personal acumen and integrity and the rewards are correspondingly high. The successful candidate will initially be based in north Hampshire but he or she should be prepared to relocate within the Home Counties.

In the first instance, please write to Leslie Livens at the address below, stating your age, experience and qualifications, and the names of two referees who could attest to your suitability for such a position.

**MOORES
&
ROWLAND** Executive Appointments

Cliffords Inn, Fetter Lane, London, EC4A 1AS

Account Officer Commercial Property Finance

We are seeking a further Account Officer to join our Commercial Property Finance team at Assistant Manager level.

Applicants should have at least 2 years' current experience exclusively in a property lending environment with particular knowledge of commercial property transactions, including investment and development proposals.

The successful candidate is unlikely to be less than 25 years of age.

Salary will be negotiable to a maximum of £20,000 according to age and experience. In addition, we offer a range of benefits which include Mortgage Subsidy, Pension and Life Assurance and Private Medical Cover.

Please write in confidence with full career details to

Linda Cobbold, Manager Personnel
Royal Trust Bank
48/50 Cannon Street, London EC4N 6LD

**ROYAL
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CSFB

CSFB, one of the world's leading international investment banks, is expanding trading activities and now seeks a number of accomplished individuals to help build on the bank's success to date.

Arbitrage

Arbitrage Specialists

For these positions, we are seeking people who have a 1st class degree in a quantitative discipline and either an MBA or at least one year's market experience. Joining an established, and highly successful team, you will be involved in taking proprietary arbitrage positions covering equity and fixed income options, futures and eurosecurities.

LIFE Arbitrage

In this position, you will be working closely with the Arbitrage Department, off the floor, and assisting in taking positions involving cash instruments and options. Highly numerate, and with a mature approach, you will have had a minimum of one year's experience of trading on the floor.

Traders

Eurodollar CD Trader

As a CD trader, based in London, you will be managing an in-house trading portfolio, liaising with issuing banks in the City and servicing a well-established retail distribution network in Europe and the U.S.A. In addition to at least two years' experience of trading money market instruments, in either dollars or sterling, you will need a combination of market making expertise and a flair for fostering retail distribution. A familiarity with risk management and the relevant futures markets is also called for.

Treasury Trader

Working within the Treasury Department, you will be responsible for trading FRAs, Futures and Interest Rate Options against cash-deposit positions in all major currencies. You will need to liaise closely with the other traders and with the sales teams and should have had several years' relevant experience.

We are offering attractive salaries, comprehensive banking benefits and excellent opportunities for long-term career progression. If you believe you have the expertise we're seeking, please send your CV to either R. Tipper (Trades Vacancies) or K. Rowe (Arbitrage), Credit Suisse First Boston, UK House, 2a Great Titchfield Street, London W1P 7AA.

CSFB

B

We are a medium sized German private banking group with an above average growth record. While our Head Office is located in West-Berlin, we have branches in the major German financial centres as well as in London.

For our expanding international securities business we seek an

ACCOUNT EXECUTIVE INSTITUTIONAL SALES GERMAN EQUITIES

to be located at our London Branch.

Your task will be to provide information and advice on the German economy and stock market, based on our own research products, to institutional investors in the UK and overseas, and to generate commission income from securities transactions.

To the qualified candidate we offer an attractive compensation package including a fixed salary and direct profit sharing. There are also excellent career prospects in this fast growing segment of our group's activities.

Please send your application to

BERLINER BANK
AKTIENGESELLSCHAFT

Bereich Personal · Hardenbergstraße 32 · D-1000 Berlin 12

All applications will be treated in strict confidence.

B

FINANCIAL ADVISER

The new weekly newspaper launched by Financial Times Magazines in April, FINANCIAL ADVISER is now expanding its Advertisement Sales Team.

The successful candidates will probably be aged between 22 and 35 and are likely to have experience in the personal savings business or in advertisement sales. Experience in the off-shore market — either in investments or advertising — would be an advantage.

The remuneration package will reflect the experience and quality of the successful applicants.

If you are interested in joining a fast-growing team please contact:

Mr. Nigel Pullman on 01-351 1414
for further discussions or write to him at:
Financial Adviser,
Boundary House,
91-93 Charterhouse Street,
London EC1M 6HR.

All applications will be treated in strictest confidence, and would be welcomed from both men and women.

INTERNATIONAL INVESTMENT MANAGER London

Our client is a private entrepreneurial investment group whose substantial assets are presently managed by a number of banks.

It is now the intention to manage these funds more actively in-house as well as appraise and invest in some less conventional venture capital opportunities.

Candidates, aged 35-45 years, probably graduates, will have had extensive senior international investment management experience with either merchant banks, stockbrokers, pension funds or investment/unit trusts.

Excellent benefits include a negotiable salary from £100,000 plus an incentive bonus and fringe benefits.

Please write enclosing brief career details and showing how you meet our client's requirements to Mark Lockett (quoting reference 106/FT) at:

**MARK
LOCKETT**
RECRUITMENT

MLR,
1 New Bond Street,
London W1Y 9PE.

Both men and women may apply.

OPPORTUNITIES IN CAPITAL MARKETS BROKING

We are expanding our broking teams in our international capital markets business, dealing in off balance sheet products. With particular emphasis on London, New York & Tokyo.

Opportunities exist within our international network for experienced professionals who have worked successfully with swaps, options and related instruments in either a broking or dealing capacity.

This is an opportunity for the right candidates to embark upon a rewarding career in a fast growing sector of the money market with one of the world's leading money broking companies.

Please write in strictest confidence to:

Graham Kideon
Managing Director
Exco Capital Markets Limited
Milestone House
107 Cannon Street
London EC4N 5AY

or telephone 01-623 4040 ext 289

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Our organisation is seeking a key member to provide commercial assessment and business development of new technology applications. The candidate must demonstrate the ability to propose, manage and compile strategic market studies. A strong marketing bias is therefore essential as well as the flexibility to work on a variety of projects within a demanding environment. MBA or equivalent with technology-based industry experience is preferable. Salary is negotiable plus benefits including a share option scheme.

Prospective candidates should contact us:

Phone: (0223) 462425 Fax: (0223) 460281
Telex: 818453 Dialcom: 87-GHC001

or write to

Michael Tattersall or Bob Pettigrew at Scientific Generics,
King's Court, Kirkwood Road, Cambridge, CB4 2PF
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SCIENTIFIC _GENERICS

International Banking

ACCOUNT OFFICER

A European Bank of high standing are currently seeking to reinforce their account officer complement in order to maintain appropriate levels of relationship effectiveness. Duties will involve new business development and cultivating existing clients by encouraging utilisation of new products and facilities including Treasury related activities.

SALARY: c£25,000 plus car.

UK MARKETING

An International Bank firmly established in London require an additional person aged mid-late 30's and offering a minimum five years relevant UK corporate experience. The responsibilities will entail high profile marketing of facilities and products including commercial lending, trade finance and treasury markets.

SALARY: to £35,000 plus benefits.

CREDIT ANALYST

A Management role within an International Bank for an experienced analyst aged late 20's, offering all round experience of credit and risk assessment. The level of responsibility will involve control and supervision of less senior members of the analyst team.

SALARY: c£20,000.

SENIOR SPOT DEALER

A first rate International Bank undertaking relevant treasury and money market activities require a person aged late 20's with a minimum five years experience. The position will involve dealing \$/Sw Fc and relevant experience in a major currency is accordingly a specified requirement. SALARY: c£30,000 plus bonus.

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67/69 LONDON WALL
LONDON EC2M 5TP
TEL: 01 628 7621

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Private Client Executive

We require for our above Client, with a growing presence in this area, at least one Private Client Executive aged between 25 and 40. The candidate must have had investment experience — stockbroking background preferable. He or she would have to be capable of handling discretionary and non-discretionary accounts, principally the latter. Ability to communicate verbally and in writing is essential both with clients and internally.

It is not essential and probably not desirable for the candidate to have a substantial existing loyal clientele. A competitive salary and bonus package is being offered.

WRIGHTSON WOOD

11 Grosvenor Place, London SW1X 7HH
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Time is your most precious resource. Factmaster helps you make the most of it.

You'll wonder how you ever managed without it.

Do you...

- spend too much time in unproductive meetings?
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These are all symptoms of inadequate personal organisation and task management, resulting in inefficiency, poor performance and lessened job satisfaction.

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FT Factmaster is a flexible, yet carefully structured system of personal organisation and time management that adapts itself to your specific needs. Factmaster will put you in control of your personal and professional life. It's easy. With a very small investment of your time, your personal effectiveness will be transformed - you'll meet deadlines, stay ahead of the game and those around you will respond more positively towards their own tasks and objectives when they see the example you set.

Factmaster has three main features.

First there is the portable ring binder itself, which allows you to take everywhere only those pages or sections you really need on any particular day.

Second are the five different sections, each lasting for 12 months, which you can use to load your Factmaster in the way that suits you best.

Third is the desk top Databox to store your completed, spare or alternative pages. Together they are easy to use and highly efficient.

How does Factmaster work?

Factmaster is constantly evolving to meet the ever changing needs of its market place. Now there is a choice of sections and binders. You select to suit your own personal requirements. The choice includes everything from a start-up pack to the complete system.

To start with you will need to invest some time and effort to make the change to the Factmaster way, but having assembled your Factbase, the benefits will be virtually immediate.

The unique Factmaster Time Management System.

The Time Management section is a powerful tool, guaranteed to keep your projects moving forward on time and according to plan. Programming is simple and logical. Major tasks and objectives are entered into the system in order of priority with a start/finish deadline. They are then divided into sub-tasks and entered together with an action plan and timetable. A summary of this information is transferred to the fold-out Work Load Chart so that over-commitments and other danger signs can be identified and your schedule adjusted well in advance.

At the end of each working day, actions for the following day are listed and recorded in the Diary/Daily Plan pages. This is the system's link to the next day. The progress of all tasks is monitored automatically and new information is entered as it comes to hand.

An investment for life... a pleasure to possess.

As you would expect from the Financial Times, not only is Factmaster an invaluable business aid - it is stylish and elegant in its own right, produced to a quality which we believe to be far superior to anything else on the market.

Available in six different black binders, only the finest materials and craftsmanship have been used throughout. Our superb range of leather binders have been especially created for us by Andrew Soos - a leather craftsman of international repute who also produces goods for Harrods and Aspreys.

If you demand the best, choose the top of the range zip-up binder in superb soft patterned leather, with real gold-plated rings, two front pockets and a pocket in the back with space for credit cards.

The same design is also available without the zip fastening, either in the same soft leather or alternatively a luxurious, smooth, cow hide with a traditional tab-fastening.

A top quality range of binders

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And finally, there is our new slimline pocket size binder in smooth black cow hide with real gold-plated rings, and pockets for banknotes and 8 credit cards.

The Factmaster Databox is also an asset to any desk. This stylish black box with elegant gold embossing and hinging is designed to store and organise your completed replacement and spare pages, and comes complete with its own FT pink section divider.

How to replenish your Factmaster
Factmaster's contents come in comprehensive sections which will last a full year.

After 12 months you simply purchase more.

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For a modest additional cost, the cover of your Factmaster binder can be gold-blocked with your initials.

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Your own personal and business 'database'.

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Some 200 pages to enable you to instantly jot down every conceivable note, idea, telephone number or staff record you may wish to store.

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Analysis/Private Investments
Essential for anyone who takes their finances seriously. There are tables to monitor shares, overseas investments, insurances and year-end summaries. In addition analysis pages are provided and include eight column analysis sheets and graphs with metric, inches or logarithmic scales.

Time Management

Factmaster's Time Management system ensures every hour of your day is used to maximum advantage and works best in conjunction with the Factmaster Task Management system.

Diary
We provide a full year's, page-a-day, diary section. But you decide when it starts and how many days and months to include in your binder at any one time.

Fold-Out Forward Planner
Allows for long term planning and give you the opportunity to make appointments and appointments well ahead.

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To keep you fully prepared for any forthcoming absences.

Task Management

The Task Management sections are designed to help you plan, progress and execute tasks efficiently. Task Priority indexes give you an overall picture of your projects and allow you to decide priorities.

Task Overview
Define your objectives and systematically break down each project into its elements or sub-tasks.

Sub-Task, Action Plans, and Timescales
are the implementation pages of your project management that keep your tasks moving ahead on schedule.

Work Load Chart
These fold-out sheets show if you're overloading yourself so that you become aware of the danger signs well in advance.

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MANAGEMENT

Aachener and Muenchener

Creating a 'laboratory' for financial services

Haig Simonian on the W German insurance group's diversification

HELMUT GIES, the 58-year-old chief executive of the Aachener and Muenchener (A&M), West Germany's fifth largest insurance company, could have become a press lion.

Buying into the newspaper business was one of the options Gies seriously considered when he first started thinking about expanding the A&M beyond insurance in the late 1970s.

However, suitable stakes were not available. Instead, when the rare opportunity arose in January 1986 to acquire from the country's trade union movement, a controlling stake in Bank fuer Gemeinwirtschaft, Germany's fifth largest bank, Gies grasped it.

By November, the A&M had reached agreement with the trade unions' holding company to buy a DM 1.9bn controlling interest (50 per cent plus one share) in the bank, which has total assets of DM 60bn.

As a result, the A&M, which is 20 per cent owned by Royal Insurance of the UK, is the thick of a gradual transformation from a middle-aged insurer into a wide-ranging financial services group.

It has also become a "laboratory," to quote Gies, for bankers and insurance executives all over the world who have thought about forging closer links between the two businesses but have been constrained by lack of opportunity or domestic regulatory barriers.

Theoretically, bringing the two together has much to recommend it for management on both sides. Banking and insurance both thrive on retail client contacts; insurance policies can be marketed heavily to bank customers from local branches, while policyholders with spare cash can be encouraged to take up bank savings schemes or buy into bank-managed investment trusts.

A youngster comes into the bank for a loan to buy a house, says Gies. Here is the first chance to sell him some insurance too. Later, it might be a house or a car. One day further on, life insurance or investment advice will follow. He hardly needs to add that when the life policy matures the bank will be on hand to

advise about reinvestment and inheritance.

Realising the bank-insurance synergy is another matter, however, and acquisitions in unfamiliar business areas hardly have a guaranteed success rate. The biggest problem is getting staff to think and work together. Some insurers believe that banking and insurance people do not mix as they require very different mentalities.

Gies himself admits that "a man who is as good a banker as he is an insurance person doesn't exist." And he recognises that bringing together the sales-based and commission-driven outlook of an insurer with the more prudent, less sales oriented mentality of most bankers will be one of his hardest tasks. He speaks of the need for an "Oberkommando," a high command, to knock heads together.

However, he is confident that such cross-marketing will ultimately succeed, and that old bankers can soon learn new insurance tricks. A shared appreciation of the profit motive is what he hopes will eventually bring staff of the two institutions together. "As soon

as the first two or three BFG branches start making real money out of insurance, the word will go round the others," he says.

Moreover, there are some reasons special to West Germany which make the incentive for an insurer-bank marriage all the more attractive. Insurance companies, particularly those with life subsidiaries, face two common problems. A dip in the country's birthrate means a surge of life policies is due to mature in the next few years. Keeping the money that accrues within the insurance system rather than seeing it slip away to the bank's investment funds will be the industry's major challenge.

Some will find it hard, German insurance, with its large and ageing policyholder base, is highly developed when it comes to marketing and underwriting

policies. But such expertise is far less evident when it comes to investment management, the other side of the insurance coin. Investment departments look after the money flowing in from policies, and are often vital in providing profits when underwriting is in the red.

Though the total investment pool of German insurance companies is now estimated to be worth about DM 500bn, investment departments are understaffed and often mediocre. Investment policy is ultra conservative, while "riskier" ventures, such as the "special funds" many insurers have now been allowed to establish, have been farmed out to be run by banks. The "special funds" can have equity contents of up to 30 per cent against about 6 per cent in the insurers' own equity portfolios.

Developing investment expertise, therefore, is an additional reason behind the BFG purchase for Gies, though some insurers jibe that he has chosen a very expensive way of going about it. However, structural change in German insurance does not come easily, even for those companies keen to adapt, on account of the convoluted structure of the German insurance industry.

German insurers are often inter-linked in a complicated web of cross-holdings which hark back to the early, protected days of the business. Rather than emulate the banks and buy stakes in industrial groups, insurers tended to buy stakes in themselves.

The A&M was no exception. Until two years ago it owned 25.5 per cent of Colonia Insurance, one of the country's biggest insurance groups, and 25.1 per cent in Kolnische Versicherungsanstalt (Colonia Re), Germany's second largest re-insurer.

However, its philosophy under Gies has been to dispose of minority holdings which give it no overall management control in favour of majority stakes. In 1985, it sold its Colonia shares, followed in 1986 by disposal of the Colonia Re holding. Earlier last month, it sold outside participation—31 per cent of Nordstern Allgemeine—was sold to the Swiss Winterthur group for around DM 400m (£135.5m).

The disposals have raised

cash and concentrated the A&M's focus on BFG. Quite justifiably, as the bank has been going through some hard times. Many business clients closed their accounts last year after concerns about its possible involvement in Neue Heimat, the heavily loss-making building group owned by the trade unions, where there have been charges of gross mismanagement. The second half of 1986, the bank was hit by speculation about a likely change of ownership.

Yet BFG had many attractions for Gies, despite its problems. For a start, only four German banks — Deutsche, Dresdner, Commerzbank and BFG — cover the whole country. The first three were certainly unavailable, and would anyway have awarded the A&M itself. Buying and then expanding a smaller regional bank would have taken too long. Moreover, BFG also had the attraction of international operations in Luxembourg, New York, Hong Kong and Switzerland.

BFG's poor results announced in June might seem on the surface to bear out critics of the deal. The bank's partial operating profits almost halved to DM 166 from DM 311 in 1985, and the figures would have been much worse but for the sale of subsidiaries comprising the Volkskassenversicherung group to the trade unions for an estimated DM 700m and the disposal of two smaller holdings.

However, the outcome was probably largely expected, and the sales were all part of the package handed out between the trade unions and the A&M last year. Moreover, BFG has used some of its extraordinary

gains from disposals to bolster its loan loss provisions. Gies is confident about the long-term prospects of the acquisition in pure banking terms, let alone any questions of synergy. Though BFG lost corporate clients, it retains a very strong retail depositor base, a large part of which is made up of accounts of trade unionists. The unions' continuing part ownership is an asset in retaining the loyalty of these customers in the short and possibly medium term.

Gies dismisses talk that the A&M will shortly buy full control, though it has the right of first refusal should the bank be sold.

Expanding a smaller regional bank would have taken too long

unions ever decide to sell. Plans are still taking shape on the way to integrate the new acquisition and will not be announced until October. As a start, Gies has been made chairman of the BFG's supervisory board, while Hans Heino Friedrichsen, formerly A&M's finance director and an ex-banker with Deutsche Bank, has moved over to the BFG board. A committee under Gies, and various sub-committees comprising top managers from both sides, is also now meeting regularly to discuss the way ahead.

To what the market's appetite, the bank has announced the creation of BFG Service, a company which will sell a range of financial services, including insurance, mortgages and banking products, out of its 25 biggest branches later this year. Other German insurance com-

panies are tending to keep mum about the link of A and M and BFG, though there is no doubt they are following it extremely closely. The spotlight is on Munich-based Allianz, Europe's biggest direct insurer, whose chief executive, Wolfgang Schieren, has hitherto brushed aside questions about his own plans.

However, Allianz owns some 22 per cent of Bayerische Hypothekbank, likewise based in Munich, and which is one of Germany's top ten banks. It also holds 25.1 per cent of Gies Hauck, the Frankfurt private bank. If the A and M's venture looks like coming off, the Allianz, which has toyed with the idea of becoming a financial conglomerate, may be obliged to act.

Meanwhile Royal Insurance, which in March stumped up the DM 270m necessary to prevent the bank being diluted by the A and M's DM 1.54bn rights issue still appears a shade uncertain about its ultimate aims. Some argue its participation is a useful, if expensive, way of learning about German insurance, which remains attractive, if still largely closed, to the British. Moreover, the holding provides the Royal with a state and international solutions operation, which may one day come in useful elsewhere.

Others claim that full control of a small German insurer may be more useful than just 30 per cent of A and M, which is not enough for a blocking minority. If so, perhaps stopping that up to the magical 25.1 per cent blocking minority German insurers know so well from their own stakes in each other might be worth some thought.

LETTERS TO THE EDITOR

Tax increase on cigarettes

From the Director, Public Affairs, Tobacco Advisory Council.

Sir,—The BMA call (August 7) for a punitive tax increase on cigarettes is typical of a trade union man becoming increasingly pious and constantly seeking unworkable issues in order to raise its profile. Had it stopped for a moment to consider the reality of the situation rather than relying upon an economist with a medical passion who has constructed a model to suit her prejudices, the BMA would not have proposed such nonsense.

It is not the remit of any Chancellor to impose fiscal punishment on a particular lifestyle. Where would such a policy lead us? A huge tax increase on alcohol next? A sugar tax? The list of potential targets is long indeed.

The economist has chosen today to ignore the ease with which consumers can these days "trade down" to any one of some 50 cheap brands of imported cigarettes, with English sounding names, which flood in monthly from West Germany. Virtually dumped here at marginally costed prices, their share of the market has grown from 0.5 per cent three years ago to 10 per cent today. Selling at up to 50p less than UK domestically manufactured cigarettes these brands are without doubt costing us jobs and contributing to factory and corner shop closures. Any increase in UK tobacco levels would merely exacerbate the trend, help German employment at our expense and do nothing to reduce the annual aggregate consumption of cigarettes in this country. The Chancellor has seen the figures for himself.

If the UK Government really intends to co-operate with the rest of the EC in achieving any form of fiscal harmony by 1992, then to widen the present yawning gap in taxation levels between us and all but two of the Members would be a particular folly. We should actually be looking to reduce the tax on cigarettes in Britain within four years to bring them within the EC harmonisation plan.

Dr Dawson of the BMA has been quoted as saying the tobacco industry "doesn't care a damn for its employees." Some would consider this de-

lamatory, and at its least it is an insufferable arrogance. A. D. C. Turner, Glen House, Stag Place, SW1

Unleaded petrol

From the Director General, UK Petroleum Industry Association.

Sir,—Since the publication of the report by Wirtschafts-joergierung quoted in your article on August 6, the availability of unleaded petrol in the UK has more than doubled. There are now 452 filling stations offering unleaded. This gives a good network for those tourists whose cars must use it and provides a firm start to ensuring the "availability and balanced distribution" which will be mandatory in all European Community member states from October 1, 1988. I. D. G. Berwick, 2 Kingsway, WGL

Passive smoking

From Mr R. East, Tobacco Advisory Council (July 31) accuses me of being "wrong, misleading and almost irresponsibly alarmist" in his response to my article on smoking in your paper. The nub of his argument is that any risk of serious illness from breathing other people's tobacco smoke is very small and can be ignored. Let me provide readers with some relevant evidence.

The review by Wald and others examined the available studies on passive smoking and concluded that about a quarter of the cases of lung cancer among non-smokers may be attributed to passive smoking. In Britain there are about 37,000 lung cancer deaths each year. About 6,000 of these deaths occur among non-smokers. This indicates that lung cancer caused by passive smoking kills about 1,500 non-smokers in Britain each year.

Numerous caveats have to be applied to these estimates. For example, Wald's review looked only at those who have never smoked; ex-smokers may have a higher risk. Also we know nothing about the effects of passive smoking on heart disease, which kills more smokers than does lung cancer. Further studies will give a more accurate figure but on present evidence it seems likely that deaths among employees from passive smoking at work

are likely to be measured in hundreds. To set this risk in context consider the following approximate annual numbers of deaths in Britain by cause:

All causes	60,000
Smoking	80,000
Road accidents	5,000
Industrial accidents	800
Asbestos	20
Nuclear industry	10

The last three figures would be much higher but for the good policies and practices of industry. Passive smoking risks at work can be eliminated if employers adopt effective policies in this area. Robert East, Kingston Polytechnic, Guy Hill, Kingston, Surrey.

The dying forests

From Mr G. Rose.

Sir,—Your report from the Berlin botanical congress (August 4) that air pollution has been "challenged" as a "decisive cause" of wilderness—the forest decline now calculated by the UN to be affecting over 20 countries. The congress president is quoted as saying that mineral deficiencies are killing the Black Forest which is made up almost entirely of pine trees. Actually, the Black Forest is almost entirely spruce not pine but it is true that many show acute magnesium deficiency. Laboratory tests and field observations from a huge number of scientific studies show that such deficiencies are induced by both photochemical damage, wet acid deposition (rain and snow) and soil leaching; all part of the pollution complex known as acid rain. The report, therefore, confuses symptoms with causes. Similarly, pollution stresses (including nitrogen gassing caused by oxides of nitrogen deposited in the forests from car and industrial emissions) are associated with pest outbreaks and more frequent diseases. True, old paintings and photographs show dying trees but detailed forestry records demonstrate unequivocally that the rate of needle

loss and whole tree death in coniferous and deciduous species has rapidly accelerated in damaged areas.

Your correspondent quoted an American botanist as saying that climatic change might kill trees in the US. True, but nobody has demonstrated this. Martians might also have landed and poisoned them but here too evidence is lacking. There is a great deal to be learned about forest decline but the consensus of informed opinion among scientists actually working in this field is that the cumulative effect of the pollution climate created over the past decades is the only plausible explanation for the increasingly widespread decline of forests. Pollution appears to impose stresses which cause trees to die in droughts, during frosts and to succumb to pests and disease which would otherwise be fatal. Chris Rose, World Wildlife Fund International, CH-1196 Gland, Switzerland.

Valuation for rating

From Mr R. Halstead

Sir,—I refer to the final part of your article "Business rate to vary nationally" of August 1. While agreeing that the Inland Revenue has starting problems, the method of valuation for rating purposes is certainly not "arbitrary."

The basis of valuation is set out in the General Rate Act 1967, and all properties to be entered into the valuation list have to be valued at the same effective date.

The House of Lords case, K. Shoe Shops Limited v Hardy (VO) and Westminster City Council, highlighted the difficulty of gathering and analysing the rental evidence upon which a revaluation is based, in time for the publication of the valuation list.

The intention for this revaluation is to have the new valuation list published and in operation for April 1, 1990, but established upon a rental base as at April 1, 1988. This ensures sufficient time in which to prepare the list.

The proposed timetable for the revaluation should improve the goal of uniformity and fairness between ratepayers, but it must be remembered that every rate payer will have the right to object to his proposed assessment. Richard K. Halstead, 29 Finsbury Circus, EC2.

Financial services and the consumer

From the General Secretary, Fabian Society

Sir,—I am glad to see the proposals for a new Investment Trust Companies highlighting the lack of adequate consumer representation on SROs (August 4). The Securities and Investments Board has only one authentic representative of the individual consumer, while the corporate investor has considerably higher representation. The same is true with the other SROs.

Worse, the consumer representatives have no support services. Those who represent the industry and the corporate investor can draw on substantial resources to carry through their role, which ought to be matched for those who represent the individual consumer.

Nor should this be a matter for the Government to enforce (though it clearly has a role in nominations to the SIB). It cannot be said too often that it is in the interests of the financial services industry that it should pay attention to consumer concerns. An industry which thinks that it knows best will follow other great British industries into oblivion. Bob Williams, 11, Dartmouth St, SW1.

Living standards and trade

From the General Secretary, International Metalworkers Federation

Sir,—The pressure to link living standards to trade is likely to grow, not fade away under the admonitions of your Lombard column of August 7.

First, because the comparative advantage obtained by low wage countries is usually achieved through direct government intervention to suppress trade union rights. Freedom for the employers but prison sentences, or worse, for any worker who seeks to exercise internationally recognised trade union rights.

Secondly, because strong domestic demand based on workers earning sufficient to buy the cars, electrical goods and so forth they make is central to long lasting economic stability. So far only countries with independent trade unions have been able to secure income levels for the mass of employees

to generate that domestic demand.

Thirdly, because manufacturing is to a large extent beyond the social control of the nation state and hence is clearly essential to render manufacturers as accountable as is necessary for normal civilised social development.

History teaches the very reverse of what Lombard asserts. External, indeed militarily enforced intervention to secure trade union rights was official policy in Germany and Japan after 1945. The days of Field Marshal Montgomery could arrive and tell the Germans: "You may have trade union rights as over. Trade union rights and fair wages have to be fought from within each society but there is no reason why a helping hand through linking observance of such rights to trade should not be given and indeed it should be encouraged by those who believe that wealth creation and consumption in as many countries as possible is the best way forward for all the world. German Reban.

States and or what. Acadia, Case postale 563, CH-1207, Geneva, Switzerland.

Strategy for construction

From Mr S. Tietz

Sir,—The Government White Paper on civil research and development and the formation of a new advisory body directly answerable to the Prime Minister is indeed encouraging. The construction industry may now perhaps see action on the recommendations made in the report Strategy for Construction R&D, produced by the research strategy committee of the Building and Civil Engineering R&D. Most of the conclusions reached had almost total support from the construction industry and many of its clients. In particular the formation of a Construction Research and Development Board—a board rather than a committee—was seen to be totally essential to give it control of its own funds and responsibility for its work including producing an annual report.

Construction is unique within the nation's industrial spectrum as its products have to last for several decades and are almost inevitably unique at least in part. Prototype testing and development therefore has only limited application and research into long term behaviour is particularly important. The

Management abstracts

Communicate with your vendors. J. R. Carter in Journal of Purchasing and Materials Management (USA), Winter 86 (64 pages).

Against the background of the increasing trend for purchasing departments to work closely with suppliers to improve performance, fleshes out the call for better communication by discussing the kind of information that needs to be communicated to particular vendors; advises on how to structure information channels and how to match vendor information needs with channel implications of all these for purchasing managers.

Selling technology to the chief executive. L. W. Steele in Research Management (USA), Jan/Feb 87 (6 pages). Systematically presents how technical management should "sell" an idea to CEOs; notes the need for managers to work closely with suppliers to improve performance, fleshes out the call for better communication by discussing the kind of information that needs to be communicated to particular vendors; advises on how to structure information channels and how to match vendor information needs with channel implications of all these for purchasing managers.

The push-down accounting controversy. C. L. Holley in Accounting (USA), Jan 87 (4 pages). Discusses the arguments for and against "push-down" accounting which requires a subsidiary revalues assets and liabilities to the same figures used in the consolidated accounts, that is, fair values when the subsidiary was acquired, rather than historical costs. When there are minority interests and/or management share ownership or options, the effect their way can be very different.

Operating without supervisors. T. O. Taylor and others in Organisational Dynamics (USA), Winter 87 (15/3): p 26 (11 pages).

Describes the development and implementation of a computer-based hotel billing information system (HOBS) by Mountain Bell (later AT&T Communications) in Arizona, operated by over a 100 around-the-clock employees without any direct supervision, and with only a single manager in charge of each shift. Discusses some of the problems encountered in a list of 27 potential problems (occurred); stresses the importance of union co-operation and operator training, and indicates lessons to be learned from the experience. Compares the results with traditional offices finding lower absenteeism, fewer grievances and customer complaints and greater job satisfaction. The facility has since moved to a new location in Colorado, where the same

principles apply. Disaster planning R. Warburton and others in Occupational Safety and Health (UK), March 1987 (17/3): p 8 (6 pages).

Summarises contributions to a recent RoSPA seminar on disaster planning by the Head of the Major Hazards Assessment Unit in the Health and Safety Executive (on legal requirements), Brian Bodycombe, a leading consultant (on practical aspects of pre-planning) and J. Cadbury Schweppes spokesperson (on the role of risk management).

When the market says "beware" T. Barrett in Management Decision (UK), Vol 24 No 6 (5 pages). Examines ways in which organisations respond to changes in their market environments: identifies the characteristics of deterministic response (resulting in organisational and strategy changes) and strategic response (in which strategies are adopted to modify the effects of environmental change). Sees that choice of response can be influenced by power distribution within the organisation, and examines the role of marketing intelligence in identifying market change, its timing, extent and cause; presents a model of change response, identifying its stages, thresholds and processes, warns that information distortion and biases may produce barriers to change. Rather academic.

The stress of unemployment R. Payne and J. R. Crutley in Journal of Occupational Psychology (UK), March 1987 (17 pages).

Sets up a model to explain the differing effects of long-term unemployment on different people, whereby the individual is principally affected by the stressfulness of the environment and also by personal attributes and other "conditioning variables" describes a survey that tested the model.

Organisational renewal: the Jacobs Suchard experience R. Jacobs in The McKinsey Quarterly (UK), Winter 1987 (8 pages).

Describes how the Swiss-based coffee and confectionery manufacturer (the result of a 1983 merger) approached the development of a new organisation and management philosophy. This involved the establishment of management expectations and standards, corporate themes, integrated trade marketing, encouragement of entrepreneurship, and employee training/development. Briefly reports how the organisation was "slimmed down," and how management action on crucial production/marketing issues (called "martial law") was invoked.

These abstracts are condensed from the abstracting journals published by Adam Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and a 6% order handling charge). PO Box 23, Wembley HA9 6DL.

has explained this Soviet argument; rather the impression is conveyed that this is a propaganda stalling tactic by the Soviet negotiators. If one reads the text and the original article, it is clear the Soviet Union has a strong case.

A way out of this impasse would be for the American-owned warheads to be included in the INF negotiations with West Germany could replace these with modern non-nuclear warheads, which could be evaluated within the mutual and balanced conventional force (MBFR) reduction talks that continue in Vienna.

If both sides of the dispute are sincere, this should be an acceptable compromise and one that does not violate any current arms control treaty. (Dr) David Lowry, European Prohibition Information Centre, 255 Pentonville Road, N1.

Extension of pub licences

From Mr D. Alexander

Sir,—It was with great foreboding that I read that the Government is proposing to extend public house licences from one to three years.

The present need for annual renewal plays an important role in ensuring that public houses are run in a reasonable manner, in terms both of controlling drunkenness and of limiting nuisance to the neighbourhood. It gives the police and affected neighbours a means of bringing pressure to bear on landlords and breweries. It also presumably makes it easier for brewery company managers to resist the urge to maximise profits by dropping all standards in favour of taking a more balanced overall view of their responsibilities.

The character of a public house and its clientele can be totally changed in two or three months, either as a matter of policy or as a result of a change of landlord.

Magistrates seem to have little enough effective control over issuing licences—for instance they generally feel that they cannot fairly impose on any public house conditions different from those imposed throughout their area, which can be tens of square miles. To reduce their opportunities to even review the conduct of public houses once a year can only lead to further abuse. D. A. Alexander, 1, Gomers Rd, Barnet, Herts.

Disarmament agreement

From Dr D. Lowry

Sir,—It seems, as I write, that the INF nuclear disarmament agreement is about to founder over the status of the Pershing 1A missiles based in West Germany. As you reported (August 7) the Soviet Union argues that if the United States refuses to include the Pershing 1As in the agreement, on the grounds they are owned by the Germans de facto dual key control over these weapons thus violates the nuclear non-proliferation treaty (NPT). To date no defence analyst

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THE ARTS

Diary of a Somebody/Boulevard

Antony Thornecroft

First the biography, then the film, then the diaries. Surely, Joe Orton has been done to death? He can hardly object to his brief fame through the shock of the bourgeoisie until his lover Kenneth Halliwell killed him off.

It has become one of the most raked-over dramas of the '60s — sophisticated Halliwell taking the young provincial Orton under his wing only to educate him to stardom while the deteriorates to being "41 bald and a tax write-off." Even this adaptation by John Lahr, who has made a career as Orton's Boswell, has had two previous outings before arriving for a season at the Boulevard, a thoughtful annex to Raymond's Revue Bar.

Is this sad tale of a decaying marriage, with its sobering climax, worth another run through? Not, perhaps, at the interval, but definitely yes by the end, thanks mainly to Paul Bental's mesmerising performance as Halliwell.

Bental affectingly cracks up before our eyes. First the wig goes, then his conversation; finally he switches off, a day before the actual murder. Bental shakes with grief and madness, while Orton, played by Oliver Parker, still lounges around in agonised good humour.

Orton and Halliwell lived for 15 years in a tiny Islington room and the set recreates the claustrophobia of their odd life, culled for Orton by encounters in lavatories and at



Oliver Parker

award-winning lunches, and by Halliwell, with cooking and washing underfoot. Parker may lack Orton's innocent smirk but he has enough animal vivacity to be convincing.

Phillip Lowrie tackles over 30 supporting roles, including a brilliant impersonation of Kenneth Williams and any number of Arab boys, while Carolyn Pickles and Caroline Webster as an array of women are as poorly served with opportunities to shine as you would expect, given Orton's interests. Jonathan Myerson directs to Gillian Daniel's design and although the Orton groupie will find much of it very familiar any novice will be transfixed.

Iphigenias/Elizabeth Hall

Max Loppert

The second show in the current Opera Factory London Simfonietta season at the Elizabeth Hall is a three-hour opera advertised as Gluck's *Iphigenia*. Note the plural; two of the greatest operatic masterpieces of the 18th century, *Iphigenie en Aulide* and *Iphigenie en Tauride*, have been lumped together. Procrusteanly adapted to the narrative, the opera is a director and translator, David Freeman, has deemed necessary, and made to fit a single presentation.

Several very large pills have to be swallowed with the mixture. These may be too grossly neglected operas, but that does not make them musically less resplendent, or make the cuts that Freeman has inflicted — not just on the dance music, which was to be expected, but on "arias and choruses unrelated to the purely dramatic development of the opera" (as if Gluck, that supreme music-drama economist, wrote any such in these mature works).

Less grotesque. To list all here would take more space than the production deserves; let suffice the mention of the *Aulide* Overture (that kernel of the drama), the singing of the *Tauride* opera, and two of the *Tauris* heroine's most important arias, "D'une image" and "Je tremble et je tremble", similarly, the internal savagery of many numbers that remain in a practice too general to be gone into at length.

And all for what? Mr Freeman, wearing the amateur anthropologist's hat that he previously preaches for the ENO Monteverdi Orfeo, has delved deeply into ritual of a specifically neo-neo-Classical kind and come up with one of the more ludicrous samples of the modern never-never to be seen on the London stage in recent times. The times, in fact, are not so recent: there is a fatal air of 1980s "relevance about these war-painted prancing, these

anties of dust-covered primitives who roll about on the ground, cover behind shields, wrap up in bright robes and then languidly un-wrap, and generally lead themselves in all manner of face-pulling and posturing (the dénouement of the second opera is a descent into *Pytho*-esque comedy).

Then, it is necessary to accept a tiny orchestra, one string to a part and conductor-less (for no reason that I could understand) and with the semi-permanent consequence of wooden rhythms and lumbering tempos) and painfully inadequate quack singing in rather too many of the roles. The *Aulide* Agamemnon (that sublime creation of a grandly freighted ruler) and *Tauride* Teos, both considerably lowered in pitch and both played by the same bass-baritone, are the greatest casualties. But Maria Angela's vocally pallid titular heroine is also something of a trial, and only Wendy Verco (Clytemnestra), Joseph Cornwell (Achilles) and Geoffrey Dutton (Orpheus) have anything like the measure of the tremendous, exactly written roles.

All this could be borne, just about, if there was any sense that at root the producer treasured—or, at times, even heard—the awesome theatrical power of the music; but except in a very few passages (Clytemnestra's "Par un père," given complete and by Miss Verco passionately delivered, is one), the slightest or else the insufficient command of the music is the evening's Leitmotif. If the experience leads anyone in the audience to investigate these works further, and find out what they are really like, then it may well have been worth while after all. For myself, I thought it a night of village-hall opera—rather more ambitious, not to say pretentious, than the average local operatic society *Faust* or *Carson*, but a wretchedly of the same theatrical order.

Television/Brian Wenham

A non-chargeable asset

I've noticed that from time to time Christopher Dunkley offers a multi-item contribution to his column, rather than a sustained piece. This week I thought I would do likewise, starting with *In the Psychiatrist's Chair* with Anthony Clare and a wide range of radio guests. Today's is John Harvey-Jones; earlier you may have heard Geoffrey "we've been talking for half an hour, you've never mentioned how good I was at butting" Boycott, and Dame Janet "this is where I'm putting about you, see the learning of my arms around my darkneses" I Biker.

Why do I think I find such talk riveting and acceptable on radio, but suspect it would look prudent and instructive on television? The distinction has much to do with a residual anonymity that still lies with the microphone but disappears on screen. On top of that, to see the interviewer as well as the interviewee searching for the right word or phrase, sharing in any anxiety or doubt. This is what Bel Mooney did so well in his *Mooney* series. I remember John Freeman doing *In Face to Face*, although he perhaps got the best of both worlds by keeping his own face off the screen altogether.

Liveliest viewing these past six weeks has been provided by BBC 2's *RKO* story. This proper tribute to a slice of Hollywood by one of its heavy consumers ended with the regime of Howard Hughes. There is of course more direct payback from TV to film when television actively shoots the making of films, as it has in recent years chiefly through Channel 4. But this week Channel 4's *tail* got tweaked by the *BSA*: "There is a downside to the chronicle of *Phim* on *Four* success, and it lies in the absence over the year of any real body of television drama on Channel 4." A bit ill-timed that, in the week Channel 4 ended a run of new pieces, but the main point stands.

The fascination with film has so gripped producers and directors that plain old studio techniques are in danger of rusting. This is a bit because when everything works—as with Channel 4's *Homes* or *Video* a couple of years back, or with BBC 2's *Women of No Importance* by Alan Bennett—the video-bound piece can move, chill and delight as much as film. Sunday's *Last of a Dyn* from Clutter TV had more sparkle and sparkle than *Phim* on *Four* success, and it was a week before, based on a 1986 award-winning *Radio 4* play, but the crossover to TV was smooth and convincing.

Why are we in the London broadcast and print media

seemingly so keen to drift away from the centre of town towards the suburbs: Isle of Dogs, White City and so on? Could it be an instinctive desire to put distance between ourselves and the handbag-swinging ethos of today's Westminster and Whitehall? If so, surely the motivation is short-sighted? Journalists of both broadcast and print benefit from proximity to the centres of civil power. I recall how difficult it was in BBC TV Current Affairs, based in Lime Grove, to find time in the middle of the day to visit White City and meet the minister, meet your hopes for source, probe him or her, and get back in good order and good time to a pining Editor. It was a generally acknowledged major operational drawback, and we envied colleagues on BBC Radio, still stuck in the rambling but handy corridors of Broadcasting House. Now, with the changes of financial fortune, BBC Radio eventually will have to go west, to join television in the new White City complex. Of course, we are told that modern technology will ease the pain, and so it may. But how far it can ever substitute for face-to-face contact remains a matter for nagging doubt.

The coming week-end marks the mid-point of this year's *Proms* — John Drummond's

'At the moment far too little time is being spent in active work on programming, far too much on money-gazing'

dancing-proms. The glorious Gurrelieder apart, the main surprise so far has been the conducting of the Italian Gianluigi Gelmetti. Judging from the way it played in *Stravinsky's Rite of Spring*, the BBC Symphony Orchestra was wholly won over to him. At internal BBC meetings, Drummond has twice in recent months rousing re-orchestrated copies who might consider BBC backing for Symphony Orchestras a slightly dubious form of internal subsidy, counter-arguing with greater vigour and authority about the value to the nation at large of these corporate assets.

The marl with which the word "subsidy" now escapes lips that should know better is causing even greater concern in wider artistic worlds — the worlds of opera, theatre, and dance. Surely their "subsidy" should be viewed as simply those monies that cannot sensibly be charged out to the average paying customer, but without which the activity would cease to exist. To mis-

use an accountancy phrase, it is a form of "non-chargeable asset," whether it is government or industry that bankrolls it.

The current vogue for harping about money in cultural matters is in essence code for destabilising the institutions under scrutiny. The process has no end. Sir John Burgh's valedictory address as director-general of the British Council reads in part as a litany of the institutional damned, and over the years the British Council has been more damned than blessed. He describes thus some of the reasons for the Council's sense of frustration: "We have slumped. We have adapted. We have increased efficiency. We have taken initiatives. We have responded to challenges. We are asked to do more, but we have not been given the means to do it."

And so again the pressure to re-examine, to take yet another look at the way the operation. The snag is that if you repeatedly dig up by the roots, what you are left with is roots, a load of soil, and not many flowers. Some operations, among which broadcast programmes loom large, simply cannot take too much re-potting. This does not imply that they are damp and enervated, it only that they take time to nurture and prepare. At the moment far too little time is being spent in active work on programming, far too much on money-gazing. I should like to think that as the programmes roll out of the stockyards this autumn and next, we shall all once more be mightily delighted and amazed, but that is not what a reasonable person should expect.

Yet even in unpropitious times it is well to retain fondness for the institutional world, and some confidence that the best will ride with the punches, and survive in recognisable form into the world beyond that which we have now. I was pleased to see Peregrine Worsthorne, a most reliable guide to the torments of the Tory soul, "quick to the point in June, quick to the point in July, quick to the point in August, quick to the point in September, quick to the point in October, quick to the point in November, quick to the point in December, quick to the point in January, quick to the point in February, quick to the point in March, quick to the point in April, quick to the point in May, quick to the point in June, quick to the point in July, quick to the point in August, quick to the point in September, quick to the point in October, quick to the point in November, quick to the point in December, quick to the point in January, quick to the point in February, quick to the point in March, quick to the point in April, quick to the point in May, quick to the point in June, quick to the point in July, quick to the point in August, quick to the point in September, quick to the point in October, quick to the point in 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FINANCIAL TIMES

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Changed map for Europe

A DEAL to change the industrial map of Europe is how Mr Percy Barnevik, chairman of Asea of Sweden, has described his company's agreement with Brown Boveri of Switzerland on a merger which will create one of the world's largest electrical engineering groups.

It is tempting to dismiss this claim as a triumph of hope over experience. The 1980s and 1970s saw a succession of similarly ambitious cross-frontier marriages between large European companies, many of which ended in divorce. Though Mr Barnevik has a formidable reputation as an industrial manager in Sweden, he has yet to prove he can bridge the differences in national attitudes and corporate culture which underpinned earlier mergers such as Dunlop-Pirelli in rubber, Hoechst-Hoechst in steel, VFW-Fokker in aerospace and Unidite in computers.

Yet this time the outcome may be different. Asea and Brown Boveri are both based in small countries which have never indulged in the chauvinistic "national champion" approach to industrial policy which made some earlier mega-mergers unworkable. As politically neutral states outside the European Community, with a well-developed sense of economic vulnerability, Sweden and Switzerland have learned to put hard-headed pragmatism ahead of national pride.

Survival issue

Growing worldwide protectionism has heightened their sense of isolation. Swedish companies are particularly worried that the community's plans to create a single market by 1992 will leave them out in the cold. Companies such as Atlas-Copco, Electrolux and Alfa Romeo, all recently stepped up efforts to broaden their international base through acquisitions in Europe and the US.

The potential importance of the Asea Brown Boveri merger extends still further, however. Whether or not it succeeds, it seems likely to act as a catalyst for a long-overdue restructuring of Europe's power generation and transmission equipment industry. Closed public procurement policies have kept companies out of each other's home markets and restricted competition and collaboration between them largely to non-European markets, where orders are often decided as much on financing terms and political influence as on product quality. As in telecommunications, manufacturing, which has grown up in similar conditions, the consequence has been a

highly fragmented industry

burdened with duplicated capacity.

As national demand in countries such as France and West Germany flattens out and the costs of staying in the industry continue to mount, Europe faces the prospect of too many suppliers weakened by inadequate economies of scale. For many, seeking merger partners may become a survival issue.

The emergence of Asea Brown Boveri as a super-group promises to give a clear focus to these developments, just as last year's bold takeover by France's CCE group of the scattered European businesses of IIT of the US concentrated the minds of other telecommunications manufacturers. Though many of them question the logic of that deal, it has spurred a renewed quest for defensive links.

Nationalistic taboos

In neither industry is restructuring likely to be easy. Many companies which have come to think of themselves as national standard-bearers will be reluctant to enter deals except as superior partners; combining incompatible product ranges and streamlining capacity will call for delicate compromises. On top of all that, the close links between power generation and telecommunications manufacturers and their national government customers threaten to inject political complications.

On the other hand, the recent resurgence of smaller intra-European takeovers and mergers in other sectors, such as the Dai-Leyland deal in trucks, Thomson's acquisition of Thorn EMI's brown goods business and Olivetti's purchase of Triumph-Adler in office systems, is an encouraging sign that some of the old nationalistic taboos may finally be breaking down. A growing number of European businessmen now seem to be thinking in terms of—and even running ahead of—the goal of a single community market free of internal frontiers.

Industry's readiness to adapt to the challenges of open competition is vital to the achievement of economic revitalisation which is the internal market programme's long-term aim. The task of adjustment will be toughest in sectors long shielded by preferential public procurement. While the Asea Brown Boveri and CCE/IIT deals provide a salutary impetus for change, it is ironic that the former is a merger of two companies based outside the community, while the latter depended on a decision by a US multinational company to sell out.

The Soviets and the Gulf

YESTERDAY'S DECISIONS by Britain and France to send minesweepers to the Gulf and the verbal support offered by West Germany and the Netherlands underline the high hazards in the region. Not that much additional emphasis was needed. Monday's Iraqi raids on Iranian industrial installations had shattered any lingering hopes that a ceasefire could hold in the Gulf war, following the three-week-old call by the United Nations Security Council for an immediate end to the fighting.

There are moves afoot in the UN to put more pressure on the combatants. Ideally these should include attempts to deny both Iraq and Kuwait a role in the conflict, which to their credit, though shutting the international arms bazaar will not be achieved overnight. But at least there seems to have been a joint awakening to a real crisis in the perilous weeks ahead it will not only be the US Navy and US-registered tankers in the firing line.

Same side

Yet one important player, the Soviet Union, remains at least to most official Western eyes, outside the scope for joint action, though it did support last month's Security Council resolution. Indeed one of the dangers implied by the latest rise in tension is the possibility that it could cause unwarranted friction between the superpowers. The Soviets, too, have warships, including a mine-sweeper, in the region, and they are seriously at odds with the Americans over Gulf policy. Yet consultation between the two over the region remains extremely limited in scope, and conditioned by a hefty dose of mutual suspicion.

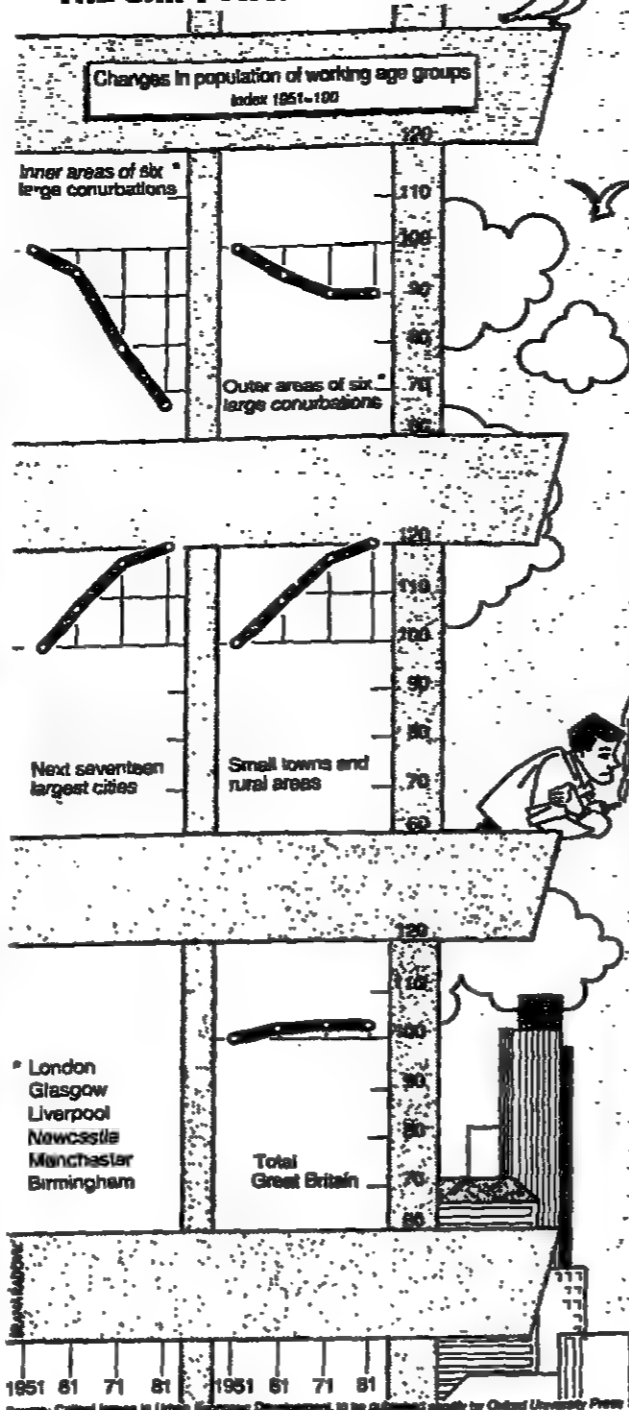
Theoretically, the US and the Soviet Union ought to have plenty to talk about in the Middle East. They are both essentially on the same side in the Iran-Iraq war. Neither wishes victory, although Moscow has been careful to offset its position as Iraq's main arms supplier by keeping lines of communication open to Iran. Both want to preserve the freedom of navigation. Both have an interest in preventing

Moscow's interests

The gist of Washington's argument for countering these developments, and for giving Moscow the cold shoulder, is that it has no desire to "legitimise" Soviet activities in the region. But it is hard to see in what sense Moscow has no legitimate interests in the Middle East. It has a 1,000-mile border with Iran; one of the world's largest Moslem populations; and an overriding economic interest in oil. It acknowledges such concerns, the West would scarcely be opening the door to Soviet hegemony over the region.

Conversely, Moscow has considerable potential to make mischief. The Soviets are, for example, stepping up their economic co-operation with Iran at a time when Western policy is aimed at Tehran's isolation. In the event of a confrontation between the US and Iran, those links could take on greater strategic significance. Only for that reason, the US has much to gain from talking to the Soviet Union on the Gulf.

THE SHIFT FROM THE BIG CITIES



Source: Central Issues in Urban Development, in preparation by Oxford University Press

BATTLE ROYAL is being fought in Whitehall over the future of Britain's inner city policy. The battle is being fought as Mrs Thatcher expressed her conversion to the cause on election night.

The battle has focused attention on the fact that while ministers have a lot to say about the inner cities, no coherent Government policy exists to tackle their problems. What the Government does have is a series of programmes, owing their existence to a variety of ad hoc ministerial initiatives over the past decade. Some took years of planning, others were reactions to riots in places like Brixton and Handsworth.

The task of blending these incongruous initiatives into something that can be presented as a policy has been handed to a team of civil servants, which is servicing the Prime Minister's new Cabinet committee on inner cities. It is due to produce a plan for the committee's consideration next month.

The skill of the team, headed by Mr Eric Sorensen, seconded from the Environment Department, will be judged by its

ability to devise a strategy spanning all the different interests at Whitehall. Mrs Thatcher will have the responsibility of ensuring that her ministers do not allow inter-departmental politics to frustrate the delivery of a coherent policy.

The factions in the debate have drawn round the following questions: should the main objective be getting jobs for the inner cities, or redevelopment along the lines of London Docklands?

Lord Young and Mr Kenneth Clarke, at the Department of Trade and Industry, with their days at the Department of Employment fresh in their minds, think the priority should be jobs. For his part, Mr Nicholas Ridley, at the Department of the Environment, wants to push ahead with urban renewal. He is confident that rehabilitation of urban wastelands will lead to the revival of business and industry in those areas. His argument is that the new offices, housing and leisure facilities which will result will lure employers away from the overcrowded, high-cost south-east—especially if he continues to sit tight on the green belt around London.

Nicholson's view of enterprise

The next chairman of the Post Office, Bryan Nicholson, aged 55, the chairman of the Manpower Services Commission for the past three years, returns to his post in the Post Office to take up his task to get the unemployed back into work.

Reporting a "wonderful groundswell of enterprise" in Britain he once confessed that some of the particular forms of enterprise shown by budding entrepreneurs had taken the MSC by surprise.

The scheme to encourage unemployed to set up their own businesses by paying them £40 a week for a year was found to be supporting a "profession" that is, shall we say, quite elderly," he admitted.

One applicant to run a health studio soon had a flourishing massage parlour. Another applicant turned out to be a stripper.

Nicholson, who succeeded Lord Young at the Commission, when Young joined the cabinet as Minister without Portfolio, was seconded from Rank Xerox initially. He was at the time chairman of Rank Xerox UK.

Rank Xerox, Germany. A member of the Conservative party, he was approached by the government to undertake the job. Rank Xerox made up his salary to the £75,000, he had enjoyed, at a time when the going rate for the MSC chairman was only £45,000.

Nicholson, who built up a reputation as an industrialist, "as one colleague described him, was at Oriel College, Oxford, before joining Unilever as a management trainee.

Ward is English-born, but has lived in the US for 15 years and now has dual citizenship. Ambitions and good-humoured, his career began as a laboratory assistant with Shell, and progressed through Rio Tinto and Citibank.

He took the Midland job, he says, because he was impressed by Sir Kit McMahon. Midland's new chairman, and the team he has collected around him, particularly Ernst Brutsche, who heads Midland's investment banking operations and to whom Ward will report.

"They have vision," he said yesterday. "They think of the corporate market much more in terms of dealing in securities than in making loans and locking them away for years."

Midland's US operations are, naturally, considerably smaller

Men and Matters

new that Crocker has been sold—mostly bond and foreign exchange trading.

Ward's job will be to shake up Midland's troubled image and then hammer all the bits into a working whole. Despite last week's acquisition by NatWest of a large bank in New Jersey, Ward is unlikely to push Midland in that direction again.

Someone at ST chose a number on the 583 exchange for booking tickets by phone for the forthcoming Madonna concert at Wembley.

First inkling of trouble came when a data system delivering news into the Financial Times editorial computer system from foreign correspondents began serving garbage instead of well-honed copy.

Inquiries traced the trouble to the 583 London exchange. As Madonna fans found out how to book their seats the exchange quickly sank in a flood of calls. Total confusion reigned with lines disrupted, corrupted, or jammed.

Word of advice

Tessa Blackstone, now Baroness Blackstone of Stoke Newington, is rarely short of an opinion when she appears on BBC programmes such as Stop The Week, Any Questions, or Question Time.

Now the former member of the Cabinet Office Think Tank during the last Labour Government in the 1970s, and subsequently director of education at the Inner London Education

Authority, will be able to make her opinions felt at the BBC.

Baroness Blackstone, aged 44, master-elect of London University's Birkbeck College, yesterday emphasised the importance of having a sounding board of representative groups of people to understand the "regular and thoughtful viewing and listening," and come up with creative ideas.

It will be interesting to hear what she thinks about Stop The Week, Questions, and Question Time.

Gunpowder plot

A curious new kind of hazard to chemists has come to light through the letters columns of the magazine Chemistry in Britain.

A Kentish chemist points out that modern textbooks no longer record the long-practised ways of making explosives that every red-blooded schoolboy tried the moment his teacher's back was turned.

Even the recipe for suppository has been excised, as well as formulae for those potent explosives called fulminates which scholars used to paint on doorknobs and leave to crystallise for the unwary.

The upshot is that budding chemists are being kept in the dark about potentially explosive chemical reactions, until they rediscover them inadvertently at the laboratory bench.

Even eminent academics have been blowing themselves up, and reporting their "discoveries" with evident surprise.

The concerned correspondent argues that by restoring the excitement of "banks and stinks" to chemistry teaching, professors will not only forearm their students against unnecessary risks, but will make chemistry a more appealing subject to students.

BRITAIN'S INNER CITIES

Too many fingers in the urban pie

By Hazel Duffy

Critics fault the Government on two counts. They argue that it has brought a confusingly large number of departments—the Home Office, Education, Employment, the Scottish and Welsh offices and the Treasury sit on the Cabinet committee, along with the DTI and Environment. And, more fundamentally, they say the Government has failed to define its objectives clearly.

That is the view of Mr Victor Hausner, a partner at FA Cambridge Economic Consultants and editor of the Economic and Social Research Council's series of studies on inner cities, he sees the British problem from the vantage point of having worked on similar issues in the US. He says: "The policy is ambiguous because it is confused. Is it supposed to provide employment for people in the inner cities? Is it simply about urban regeneration? Or is it about strengthening regional economies because, outside London, the urban problem is about deprivation in economically poorer regions?"

He cites enterprise zones as an example of that confusion. The first were designated in 1981-82 and there are now 23. They were meant to test the extent to which private sector activity can be encouraged by tax concessions and the relaxation of various controls.

Some have successfully prompted development in places previously ignored by the private sector, like the Isle of Dogs in Docklands, Corby and Swansea and some in the north of England. They seem to be good examples of radical Conservative thinking put into practice.

The choice of what goes into enterprise zones is the decision of the marketplace. That has meant more warehouses than factories in certain zones—but also questions as to whether the huge retail projects which have grown up in some zones should benefit from such government subsidies.

Even among Conservatives, signs of disappointment with the schemes have begun to emerge. Just before the election, Mr Ridley said it was unlikely that there would be any more enterprise zones because they had proved expensive in "cost per job" terms—suggesting that the Treasury may be bringing down the axe. Cost per job was not an indicator used in the original evaluation of the programme.

It has become clear that if the Government is going to succeed in persuading the private sector to put money into this kind of area, further incentives are necessary. "Image system financial schemes are needed," says Mr Hausner. "And the Government should make sure it gets some sort of equity investment in schemes, so that when they are

successful, like Docklands, it gets some payback."

Partnership with the private sector is increasingly the theme behind schemes devised by the Environment Department, which sees itself as initiating the most successful inner city projects.

Environment inherited its urban policy from the last Labour Government, which laid the emphasis on partnership with local authorities. Under the Conservatives, the Urban Programme continues to be administered through local councils. But the emphasis in the urban development corporations is on bypassing the local authorities and going straight to the private sector. This involves a new grant paid direct to private developers and simplified planning procedures. The scheme was begun by Mr Michael Heseltine, Secretary of State for the Environment, in 1981. Since then, five more have been set up and more are promised.

The question of the role of local authorities is a vexed one. In Scotland, experience shows that urban renewal can be carried out most successfully with the support of local councils—the Eastern Glasgow renewal project is an example. People

Mrs Thatcher's ministers to give better value for money. The regional budget has been almost halved since the early 1980s to around £400m this year.

Lord Young is not satisfied that this money is always spent with the maximum impact on jobs. Areas which receive assistance are designated in such a way that some severely deprived inner city areas do not qualify; and the grants go mostly to medium and bigger companies, not to the small firms which are supposed to be in the forefront of the Government's jobs drive.

Lord Young's aim will be to see if the money can be distributed automatically through regional venture capital funds.

For dereliction is found not only in inner cities. Sometimes it is on the periphery of cities, as in the Glasgow housing estates—an example—sometimes it is wasteland left by departing industry, as in the Black Country and Teesside. Such dereliction is still an urban problem which needs to be dealt with in a regional context.

In some senses, however, regional grants are an anomaly

"We want local people to have the chance to compete for jobs. What we don't want is people watching from the sidelines while their neighbourhood is being rebuilt"



Kenneth Clarke

working on site in inner city programmes argue that council involvement is crucial to success.

But the Government's policies on housing, education and the community charge, which will remove much of the local authorities' power base, militate against this co-operation. Meanwhile, the economic tilt of the country to the south has gone on unchecked for 30 years.

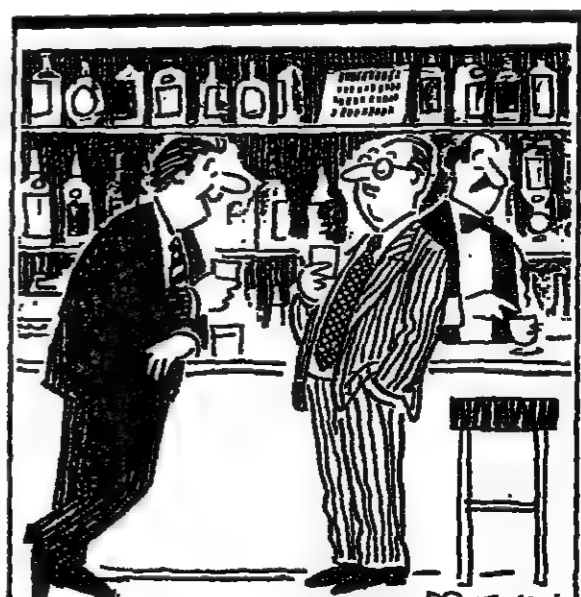
It is in the context of this major movement—aided and abetted by government—that the scale of the current effort to bring jobs back to the cities has to be seen.

"The scale of the problem here is so large that the sort of initiatives that we can undertake can only achieve a small amount," says Mr Mark Tovey, director of the Government task force Handsworth, Birmingham.

Whether the Government is prepared to acknowledge these shortcomings before giving the go-ahead to the Royal Docklands project.

In the meantime, in areas like Spitalfields, highlighted by the Prince of Wales's recent visit, private agencies like the London Enterprise Agency have been left to try to match the employers—some in the City—and the unskilled and under-qualified school leavers in the area.

So far, all the evidence is that if the private sector is to be persuaded into these areas, it has to be given a financial advantage. But to operate simply for financial advantage in these areas is no solution; showplaces developments which do nothing for the existing residents will only shift the hot-spot of deprivation elsewhere.



D. VEGAN

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Observer

Jimmy Burns looks behind mounting public concern about near air misses over Britain

A SWEDISH air traffic controller was invited to London Air Traffic Control Centre (LATCC) at West Drayton, near Heathrow, at the end of the tour he was asked for his comment: "I think you have some rather nice antique pine furniture, but how do you manage?"

Demands for an answer to this question have intensified amid allegations that Britain's air traffic control system is close to breakdown. In May, a mid-air collision between a British Airways Concorde and an Alitalia Airbus was narrowly averted when the two aircraft came within 100 ft of each other as they circled near Heathrow.

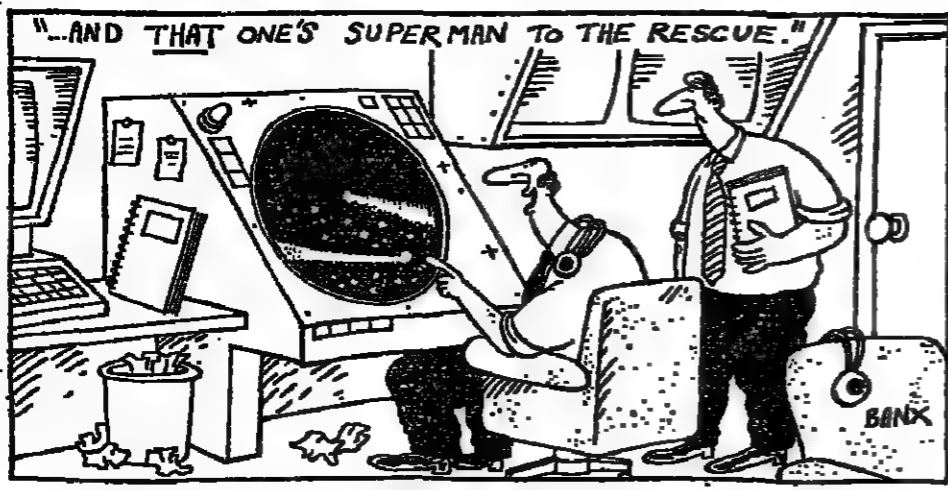
It was only one of a number of reported near misses which have coincided with an unprecedented growth in air travel this summer.

However, the Civil Aviation Authority (CAA) rejects the public perception that the risks of a collision are growing. It says chances of travellers becoming involved in a near miss "have been significantly reduced over the years." According to the CAA, the numbers of public transport aircraft involved in near misses declined from 45 in 1977 to 15 in 1986. It sets these figures against an increase in air journeys—take-offs and landings—from 750,000 to more than 1.1m over the same period, and calculates that the number of near misses fell from 11.3 per 100,000 hours flown to 2.5.

The controllers dispute these figures, although they appear to be based on alternative ones. "I think some sectors of the media may have dramatized things," says Mr Bill Brett, assistant general secretary of the Institution of Professional Civil Servants, the union representing Britain's 950 controllers. Nevertheless, he is not underestimating the dangers: "Air traffic control is getting less safe. We cannot go on being lucky. It seems that we are going to end up with a collision."

This leaves management with the formidable challenge of both reassuring the public, and securing the loyalty of the workforce. A recent survey showed that 79 per cent of air traffic controllers at West Drayton felt morale was poor.

The controllers want an independent inquiry into equipment and conditions; they want the CAA to install a simulator so that they can practise emergency changes to manual control; and to urge the Royal Air Force to share some of its air space. (Britain is the only



Flying on a wing and a prayer

country in Europe to have joint civilian and military air traffic regulation).

The CAA says it has spent £125m over the past five years on updating its technology, including installing new radar equipment, navigational aids and landing systems. It has also followed the example of the US and Continental Europe in introducing "flow control."

In spite of these admissions, the majority of Britain's air traffic controllers still believe the CAA is understating the scale of the problems, so contributing towards the lowering of morale.

They find it hard to contain their feelings as they contrast the CAA's public statements with the reality of their working environment.

The main control room for civilian air space in England and Wales is as dark as an underground garage. The bulk of the equipment and furniture is the same as it was in the early 1970s when the room was officially opened.

The routine can be leisurely, but for at least three crucial hours each day it has the intensity of a financial dealing room. One Friday this summer, just after 5 pm, there were 33 aircraft circling above the airfield. Nearer to Heathrow's main landing strip, another five were making their final

approach, between two and three minutes apart. On the ground there was a similar number of planes taxiing to take off.

The controllers and their assistants work shoulder to shoulder in dark cubby holes. Crucial flight information spills out of a printer before being manually pasted up on wooden strips. The planes appear as

small yellow blips on a horizontal screen prone to distraction and provoking backaches in the viewer.

The equipment we used at university was 20 years ahead of this lot," says one of the LATCC's more recent recruits.

The CAA says that as well as improving the radar and upgrading facilities at West Drayton, it plans to install a new central computer for which detailed designs are "well under way." The urgency of

this requirement was underlined at the weekend when the 16-year old IBM system failed—although the CAA denies that the 50-minute breakdown led to a near miss.

It is also trying to negotiate substantial changes in working practice and in controllers' pay and grading. In contrast to the US—where an impasse in 1981 between the Government and air traffic controllers led to 75 per cent of the latter being sacked—the CAA has opted for the carrot rather than the stick.

It has, for instance, withdrawn its threat to lay off more than 130 controllers; and it claims the package will mean better pay. Yet the proposed package runs the risk of deepening rather than easing the friction.

Part of the plan is to break the controllers' link with the civil service. The CAA wants greater flexibility to negotiate locally and introduce pay and grading differentials between the busiest units and the rest.

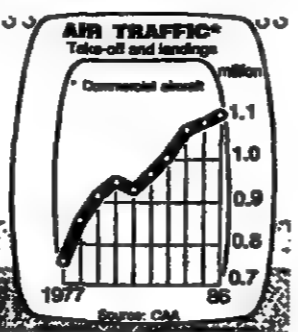
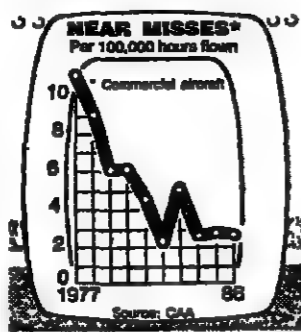
But many controllers fear the package will mean fewer jobs and less pay, and make them more vulnerable when the going gets tough with management.

Behind their complaints lies a deep-seated mistrust of the CAA. The view is that management has tended to react to events, rather than anticipate them. They see a similar pattern in other European countries, like Spain and France, where investment in air traffic control has followed strikes.

"The strong feeling that management doesn't understand and doesn't care has been the single most serious matter of concern to me," Mr Keith Mack, CAA group director, told air controllers last month. "It is a matter of regret that staff have not believed that we were aware of their problems or, worse still, that we were ignoring them."

Over the last two years the CAA has decentralised its management organisation, bringing in a former air controller, Mr Chris Barrows, as general manager at West Drayton and streamlining its project division. It has also conducted a series of meetings with controllers and adopted a more open-door approach towards the press, aimed at reassuring air travellers.

Clearly though, the CAA has a way to go to ensure better communication with and co-operation from the controllers. US airlines and other aviation groups, in a rare show of agreement, have recently produced a modernisation plan for their country's air traffic control system. On the same day some British controllers met in a pub, not far from Heathrow, and told a story about a Swede.



International terrorism

The message must be: violence will not pay

By Paul Wilkinson

IN THE worsening crisis in the Gulf, attention has mainly focused on the threat to US warships and reflagged tankers. But the violence in Mecca and the continuing embassy war between France and Iran, in both cases provoked by Iran's blatant violation of international and diplomatic law, are a clear reminder that Iran poses a much wider terrorist threat.

The US is the prime target for attacks by agents directly controlled by Tehran and by fanatical pro-Iranian groups, such as Hizbollah. The most dramatic case of the first type was the abduction of the entire US mission in Tehran in 1979; the most horrifying example of the second was the truck bombing of US and French troops in Beirut in October 1983, in which 241 US marines died.

The high profile of US naval operations in escorting reflagged Kuwaiti tankers has greatly intensified the risk of Iranian-sponsored terrorist attacks against US installations abroad. The Iranian ambassador to Lebanon, addressing a weekend rally of Hizbollah in Beirut, threatened to mount terrorist attacks in American cities.

The US Government, fully aware of the Ayatollahs' track record, has wisely decided not to dismiss such threats as mere rhetoric. Last week, Washington issued a general alert for all western nations to be prepared for Iranian-sponsored terrorism, especially against US targets. Britain, France, Saudi Arabia and Kuwait—all of which the Iranian regime sees as allies of the "Great Satan"—could also be targeted.

No one should underestimate the dangers. There are many thousands of militant pro-Khomeini Iranians living in western cities and Iran has developed an extensive network of terrorist cells in its diplomatic missions.

How can the west defend itself against state-sponsored terrorism? Has it learnt anything from previous campaigns? The most important lesson is that appeasement is disastrous. Offering Tehran arms for hostages merely whetted the appetite for more hostage-taking in Lebanon. Attempts by London, in the early 1980s, to conduct business as usual with Gadhafi's regime only spurred the Libyan dictator to more

violations of diplomatic law, culminating in the shooting in St James's Square in which WPC Fletcher was killed. Offering concessions to states sponsoring terrorism simply puts more innocent lives at risk.

Another important lesson is that firm and united diplomatic and economic measures by the major industrial states can cause terrorist states to curb their violent behaviour. It must be emphasised that the pursuit of short-term commercial advantages in trade with terrorist states undermines one of the most effective weapons the west has against terrorism.

The most dramatic example of effective pressure by the west is in relation to Syria. After the Hindawi trial in London, which revealed Syria's complicity in the conspiracy to blow up an El Al jet flying from Heathrow, Britain and other European Community states took diplomatic measures to isolate Syria.

President Assad, who sees himself playing a leading role in any future peace negotiations on the Middle East, could not afford to become a pariah. The Syrians have by no means abandoned the use of state-sponsored terrorism, but they have taken some important steps, such as closing down the office of Abu Nidal in Damascus (Western governments should surely increase pressure on Syria to detach itself from alliance with Iran and to intervene forcefully to release the western hostages held in Lebanon. Syria must make it clear that it is carrying out the responsibilities of a law-abiding state in cracking down on terrorism, if it is to be accepted as a proper negotiating partner in Middle East diplomacy.)

In the case of the Iranian regime, despite its obvious contempt for the rules of diplomacy and for the UN Security Council's resolution, the threat of diplomatic isolation cannot be taken lightly. In order to sustain its war against Iraq it desperately needs access to western markets and technology. But by far the most important potential weapon against Iran is an arms embargo.

The Tokyo Summit declaration on state-sponsored terrorism promised joint action to

boycott arms supplies to terrorist regimes. Why has this agreement not been properly implemented against Iran? It is estimated that more than 50 states have been involved in supplying weapons to that country.

Britain is taking the lead in seeking an arms embargo against Iran. This is going to be difficult to obtain and enforce. How is Britain going to get states such as China, North Korea and South Africa to comply? But if a wide-ranging embargo can be achieved, it will have the dual advantages of pressuring Iran to come to the negotiating table to end the Gulf War, and forcing it to abandon, or at least reduce, its use of state-sponsored terrorism.

Investigations by the International Peace Research Institute, Stockholm, and ITN in London have found considerable involvement of British arms supply companies in trade with Iran. These firms find it all too easy to avoid the restrictions of both the Department of Trade and Industry, and customs. It is outrageous that Britain still has an important Iranian arms procurement office based in London. It is probably true that other countries have a much greater stake in arms deals with Iran, but if Britain is to take a leading role in instituting a UN arms embargo, it must clean out its own stable.

If the state-sponsored terrorism of Iran and other offenders is to be effectively curbed, western industrial states must, above all, act in a co-ordinated and united way. Tough joint action aimed at the diplomatic and economic weaknesses of the offending state will convey the message that terrorism will not pay. The costs of terrorism must be maximised and its rewards minimised.

The enormous advantage of diplomatic, economic and arms embargo measures is that they avoid the risk of escalation into a wider conflict with the terrorist regimes. How many more innocent people will be murdered, maimed and bereaved before the western alliance learns to act in concert against the state sponsors of terrorism?

The author is Professor of International Relations, Aberdeen University, and chairman of trustees of the Research Foundation for the Study of Terrorism.

BA-BCal merger

From Mr R. Powrie
Sir—Sir Colin Marshall (August 7) points out that BA-BCal would account for only 35 per cent of UK international scheduled traffic against the 57 per cent share held by foreign carriers and that the proposed merger cannot therefore be anti-competitive.

A few days before, BA and BCal published an advertisement listing 103 "principal scheduled airlines that are currently flying into, out of or between Britain's airports." Presumably we are invited to believe that with such an abundant choice we are assured of the benefits of competition and that therefore the Monopolies and Mergers Commission can safely approve the merger.

In fact, what this advertisement does is to show that Sir Colin's figures are inflated. On my rough count over 60 of the airlines listed are national flag carriers. Far from adding to the competition, these are the very airlines with which British Airways and BCal effectively have anti-competitive capacity—or revenue-sharing agreements. Instead of offering assurance, the advertisement is better regarded, at least as to the part of a rogues' gallery. True competition is represented only by the carriers on the North Atlantic, the charter firms, and by those few serving UK trunk routes to the Netherlands or Hong Kong.

British Airways may argue that these anti-competitive arrangements are a product of government to government agreements over which it has no control and which, to its credit, it would like to be abolished. While this may be so, it does not alter the fact that BA and BCal are parties to anti-competitive arrangements covering some 30 per cent of all UK scheduled international traffic. Whether they join this super-cartel as one company or two is largely de minimis, though it is to be hoped that the MMC will refrain from lending respectability to an arrangement which is so much to the detriment of the travelling public.

In the short term, the key questions are control of scheduling at Heathrow and Gatwick, and competition on UK trunk routes.

Looking further ahead, the most disappointing feature of BA's bid is the seemingly narrow vision which informs it. If BA really hopes to position itself to match the leading US airlines, acquisition of BCal is a half measure which will do little to help and could even make matters worse. BA would need a much broader base than the UK alone could offer—for example two major

Letters to the Editor

hubs on the Continent. These would be most readily acquired by collaboration and eventual merger with European carriers. But any merger between a large continental airline and a UK monolith, which dominated both Heathrow and Gatwick, would almost certainly be opposed by the European Commission. The UK policy of encouraging a "second force" airline to compete with BA between Heathrow and Gatwick makes sense in EEC terms also.

A sounder course for the UK and for Europe would be for BA and BCal, independently to seek partners on the Continent. Roderick M. Powrie, Brookfield, Bells Yew Green, Tunbridge Wells, Kent.

Freedom for pensions

From Mr J. Walker
Sir—In advocating the discontinuance of both benefit and contribution limits on pensions Mrs G. D. Kaye of The City University (August 7) conveniently ignores the provision of tax-free lump sums at retirement. Nevertheless even if the tax-free cash facility were to be removed from "pensions" into a more closely monitored environment I doubt if the freedom she espouses could come about without disastrous consequences. For a start, what would happen to that part of the "pensions industry" that owes a large part of its livelihood to the monitoring and implementation of limits on pensions?

One way, however, towards the goal of simpler and more effective pensions provisions is to replace the emphasis on defined benefits at retirement by defined contribution limits operating over the lifetime of the employee. This cannot be done "at a stroke," but the trend to this end is clearly discernible. In particular the new restrictions on providing career/maximum benefits at retirement in respect of periods less than the "full career" of 40 years is a reasonable step in the direction of contribution rather than benefit limits.

It means that employees are less likely to rely on the "executive" plan at the end of their career to put right past deficiencies in their pensions planning. It "encourages" employees to use their "contribution limits" early on in their careers to build up pension entitlements. Most importantly of all, it paves the way for the removal of the Inland Revenue Maximum of a two-thirds pension at retirement

without opening the floodgates to over-zealous "tax-effective" planning.

The need to force reluctant employees to make adequate provision for their retirements throughout their careers, and not live in hope that it will be all right on the night is, of course, the conclusive argument against the pipe-dream of Mrs Kaye's unrestricted, administratively simple, pensions world.

At present we are in a transitional period with inevitable difficulties and anomalies. Many of these will not affect the majority of employees who will in practice be likely to gain from the new opportunities available.

Iain B. Walker, 40, Ennismore Gdns, SW7.

A reward for investors

From the Director, Think British Campaign
Sir—The boom in consumer credit which appears to suck in ever more imports could be turned to the advantage of British manufacturers by an enlightened move on behalf of the Chancellor of the Exchequer.

Might I suggest that, instead of abandoning Capital Gains Tax, he offers an exemption only to those who invest in British equities? Thereby, he would channel much needed funds into British manufacturing industry and reward those patriotic enough to support the home team.

Margaret Charrington, 43, Aldwych, WC2.

More expensive electricity

From the General Secretary, Engineers' and Managers' Association
Sir—Stanley Steward (August 7) argues that it is necessary to split the CEBG into two or more generating companies in order to provide "a competitive choice of significant power supplies, including those from France, Scotland and industrial concerns." But power is bought competitively from those sources today, so where's the benefit?

In fact, his solution would lead to more, not less, expensive electricity. This is for the simple reason that power is supplied today by the CEBG utilising the power stations it owns on a national merit order basis. Splitting up the CEBG would lead to power being supplied on a merit order basis

determined by the individual generating companies (other than what is the point?) and by definition this would be a less efficient system. It would also lead to higher capital costs (due to the loss of the CEBG's dominant purchasing strength) and higher staff costs (due to the need for replication of staff).

The idea that splitting up the CEBG will lead to lower electricity costs is a chimera. No one who has yet argued for has confronted the reality of the CEBG's operational economies or, in consequence, made any attempt to explain just how splitting it up will lead to lower cost electricity.

John Lyons, Station House, For Lane North, Chertsey, Surrey.

The case for Pay-TV

From Dr T. Barwise and Professor A. Ehrenberg
Sir—Samuel Brittan's "The clear-cut case for Pay-TV" (August 6) shows a committed free-market economist once again looking at the world through his fundamentalist eyes and to hell with any facts. Charles Jonscher, in his recent report on subscription television for the Home Office, said that if we want more or better choice on our broadcast channels, some over-air Pay-TV would help. But Jonscher's specific research of this particular market showed that it would be more efficient just to increase the licence fee, which would also give the benefit to all consumers at no extra cost. Brittan tells us to by-pass this market.

FURTHER LETTERS PAGE 8

based argument since the present indexed licence fee—Brittan's invention—is a "political fact." But in this country we do not yet accept political facts, we debate them. Brittan's dogma, received from Peter Jay, is that we should pay for each broadcast just as we do for books and newspapers. For books, this simply ignores that we can already buy videos in much the same way—often at the same outlets. How we pay for newspapers does differ from broadcast TV. But is it better? The average household hands over some 20p a day for its choice of newspapers. Would it not be wonderful if for a lower all-in payment any household members could have any newspaper(s) they wanted each day? That is the current setup for television which Brittan wants changed.

(Dr) T. P. Barwise, (Professor) A. S. C. Ehrenberg, London Business School, Sussex Place, NW1.

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FINANCIAL TIMES

Wednesday August 12 1987

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Laura Raun sees an end in sight to six long years of court argument in The Hague

US and Iran fight claims on legal battlefield

AN IRAN grows more diplomatically isolated and disdained of world opinion, it nonetheless remains strikingly committed to a bilateral forum with one of its most hated enemies at the end of the tunnel.

The Iran-US tribunal, established in 1981 at the end of the American hostage crisis, has slogged through years of protracted hearings. At last, there may be light at the end of the tunnel.

The tribunal in The Hague was created under the Algiers Accord which ended the 15-month imprisonment of 52 US embassy staff members during the presidency of Jimmy Carter. They were held by militant Iranians swept up in the fervour of the Khomeini revolution.

Washington broke diplomatic relations with Tehran in 1980 and the claims tribunal is now the only bilateral link between the two countries. It has the task of arbitrating 4,000 legal claims amounting to at least \$15bn arising from the Iranian revolution.

This is by no means the whole financial story between Iran and the West. Iran also has between 3,000 and 4,000 financial disputes with France, the UK and other countries on an ad hoc basis outside a formal forum such as the tribunal.

Nestled in a tree-lined neighbourhood of the Netherlands' sleepy capital, the tribunal has been plagued by physical beatings, verbal abuse and deliberate delays - disposing of less than a quarter of its list in six years. The four-storey, red-brick mansion is said to be fitted with some of the tightest security devices of any building in the country, featuring bullet-proof windows behind charming begonia flowerboxes and a maze of automatically locking doors inside.

But despite hostility and cul-



Trapped in the middle: claims date from 1980-81 when American hostages were caught in the web of wills between President Jimmy Carter and the Ayatollah Khomeini

tural clashes the nine-judge tribunal has plodded on, dealing one by one with the corporate, private and governmental claims. Three chambers, each with three judges - one Iranian, one American and one neutral - hear the disputes.

Only 900 cases have been disposed of so far, with more than \$372m awarded to US interests, primarily companies. Iran has received more than \$514m, most of which was frozen Iranian funds in New York that were returned by the US last May. The return of Iranian funds was the biggest decision yet although the largest commercial award was \$115m which went last month to Sedco, an oil drilling company which formerly belonged to the Texas governor.

The majority of the claims, 3,600, are against Iran and the Iranians have long argued that they need more time to deal with the massive caseload. A revolutionary government, scars from the US economic sanctions, limited funds and the war with Iraq have meant that lawyers in Tehran must write their legal briefs in

longhand by candlelight, according to Iranian representatives in The Hague.

Mr Mohammad K. Eshragh, who heads the Iranian delegation to the tribunal, misses no words. "The tribunal is not a just forum. Under American pressure, justice has been sacrificed for speed."

An articulate lawyer from the Iranian Embassy in The Hague, Mr Eshragh complains that the US judges, often with the support of the neutral ones, have persistently rushed the proceedings. Moreover, he asserts that many of the claims are "baseless" and a waste of time, notably those alleging wrongful expulsion from Iran and "fraudulent" dual nationality.

Cultural differences are a fundamental problem, he laments. "It's a revolutionary culture versus a Western culture," he says, noting that the neutral judges have always been Europeans who share more common cultural heritage with the Americans than with the Iranians.

1984 this antipathy overflowed and one Iranian judge,

some say two, roughed up a 60-year-old Swedish judge who was accused of consistently siding with the Americans. In the early days of the tribunal, screaming matches during hearings were fairly routine although more decorous now.

Most of the 2,800 remaining small claims (involving less than \$250,000) could be disposed with in short order, the Americans contend, adding that together they are worth less than some individual big claims. The tribunal itself costs \$6m a year to run, with judges being paid around \$160,000.

"We're in a climactic phase," observes one American judge. He points to the \$115m Sedco ruling two weeks ago, which set a precedent for a group of much bigger oil expropriation cases still being heard. Last month, two interim judgments were rendered, one in a \$1bn claim by a US oil consortium, the other a \$30m claim by Amoco, the fifth largest American oil company.

A significant ruling in Iran's favour also was delivered last

week, a decision that rejected an American argument that he had been wrongfully expelled from Iran and was due compensation. The judgment could set a precedent for the thousands of other expulsion cases still pending.

In the autumn, arguments will be heard in the largest case of US military equipment bought during the Shah's regime that was either shoddy or never received. Critics say it is this huge claim for hundreds of helicopters and submarines that has kept Iran at the arbitration table.

The American judge, who plans to leave at the end of this year, estimates that by then most of the big, intellectually stimulating cases will have been heard and the tribunal could start wrapping up business. He agrees with a colleague that the pace of the tribunal could end by 1989.

But Mr Eshragh fumes at suggestions by the Americans that the tribunal could begin to wind up after the current batch of big commercial cases is finished. "No, we can't start winding down," he insists. "We must carefully examine every case."

After six years of forcing the Iranians and Americans together, however, the tribunal seems to offer little hope of promoting a restoration of diplomatic relations between Tehran and Washington. High tension in the Gulf, embarrassment over the Iran-contra scandal and the latest diplomatic rows with France and Britain bode ill for early progress.

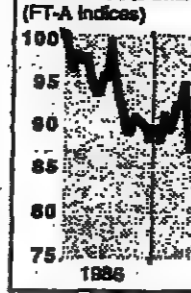
"You can't rub up against each other for years without some rough edges wearing off," observes one participant. "But there is little chance of restoration until Khomeini dies and the succession is established."

THE LEX COLUMN

Riding the cycle

Insurance Composite

Relative to All-Share (FT-All Index)



1986 1987

Perhaps it was luck of the grouse more today that per-

sonal General Accident to announce its interim results yesterday, rather than slipping in behind this morning's Commercial Union figures as usual. Or maybe the figures were just so good - pre-tax profits more than doubling to £102.8m - that GA could not bear to share the limelight. Whatever the reason, the news that at least some parts of the composite insurers' business are underwriting risks profitably once more was a heartening start to the results season. GA's second quarter profits in the UK property lines

ought to mean good results from Sun Alliance, while the success on the US property account could be significant for Royal.

It is springtime for insurers, though, insurance analysts, who seem more far sighted than the rest of the market, are ready to discount next winter. A hint from GA that the pace of improvement must slow was hardly needed by a sector which has performed poorly against the market over the last year. GA's shares, with the other composite, slipped back after the initial enthusiasm to gain a net 21p on the day, closing at 102.5p.

Yet there are grounds for hoping that the next underwriting crunch will not be as severe as the last and the sector can expect above average dividend growth for a couple more years meanwhile. And should the stock market turn to more defensive qualities, GA's solvency ratio at 100 per cent is decidedly solid.

Lloyds

After its scrupulous avoidance of the pre-Big Bang broker auction it is a bit of a surprise to see Lloyds Bank buying 24.3m in a quarter share of Weis.

Peck & Greer, the New York investment management, venture capital and buy-out specialist. Such a sum could have paid for a tidy chunk of a top notch London stockbroker instead of (arguably) disappearing into the pockets of the Weiss partners.

Whether or not this amounts to a change in strategy depends in part on the speed of change in US banking regulation. Because of Weiss's activities in venture capital and mutual funds, the Bank Holding Companies Act (and Glass-Steagall) dictates that the 24.3 per cent stake must remain passive and

not be increased, as with Sun Alliance and Goldman Sachs. The loss of potential synergy may not be that worrying but the prospect of an indefinite hands-off stake in a US financial institution may remind twice investors of Crocker.

The relative size of the deal and the limited downside makes such a comparison invidious. But if the investment is, in part, a bet on the commercial banking restrictions being swept away - which would permit the Lloyd's stake to rise to 40.3 per cent - then Congress might ensure a long wait for effective control. The demise of Glass-Steagall would, of course, push up the value of the stake but fortunately Lloyd's can live without such a happy ending. For one thing it could spin off the awkward parts of Weiss and just hang on to the investment management division. More important, although the Weiss stake has not come cheap it is projected to provide a percentage return comfortably in double figures.

Hawley Group

The apparent decision by the Hawley Group to sell off its Henlys associate in Canada deserves a cautious welcome. If there has been a case for seeing Hawley as a sensible company, obscured by Mr Michael Ashcroft's passion for complexity, Henlys - the former Midpeace - has always been the obstacle.

The set-up always had an apparent logic, whereby unwanted bits of the business could be passed on at better prices to another entity controlled but not consolidated - which would then pay generous interest on the purchase price. But besides its opacity to investors, the arrangement is also a particularly

overblown case of off-balance sheet financing. Hawley gives the appearance of being unencumbered, while Henlys' shareholders' funds of just £322m offset by goodwill of £3537m are swamped by debt of around £31.5bn, part of it to Hawley.

The decision to sell all or part of Henlys - rather than go in for some tricky equity refinancing, as previously proposed - will fit a historic pattern of the bits of the business which do not fit with the main Hawley strategy. Although this is what any normal company would have done in the first place, Hawley has reformed. The attempt to become a simple company has been made before, and complexity has crept in again. But at 174p up 7p yesterday - the shares are on a historic high of only 13, and if the dividend is doubled this year as forecast, the yield will be 4.5 per cent.

Trade figures

When they came, the balance of payments figures were nothing to panic over. However, the markets' relief (equities, gilt-edged and sterling all rose) was not generated by the actual trade number. It was more a greater readiness to accept the authorities' stated motive - concern about inflation - for raising interest rates last week.

Even so, a deficit of £168m is hardly good news. Within the detailed numbers, there are signs of some rather disturbing trends. The volume figures show second quarter exports down 3 per cent and imports up 84 per cent compared to the first quarter, despite the CBI survey's optimism on exports.

Imports of consumer goods are still running strongly ahead of exports. The most important being next week's money supply figures. As Mo. one of the authorities' favourite aggregates, is relatively easy to forecast, estimates of an annualised growth rate of perhaps 54 per cent are probably near the mark. And that would be a number that the markets and the authorities could agree to worry over.

Peru dilutes proposal to nationalise companies

By Barbara Durr in Lima

THE PERUVIAN Congress has watered down President Alan Garcia's legislation for nationalisation of the financial system to allow for a proportion of private ownership.

The compromise legislation is a response to the strong opposition, which has followed the announcement of the President's proposals two weeks ago.

The legislation now under debate in the congress would allow between 15 and 25 per cent of the shares of the 33 nationalised banks, finance companies and insurance companies to be held privately.

Private shareholding would be limited to 15 per cent in the 31 larger Lima-based banks and companies, and to 25 per cent in the two regional banks that are to be nationalised.

Private shareholding will be limited per individual or family to 25 Peruvian tax units, each worth currently 14,100 intis (\$381 at the officially set dollar exchange rate).

The new legislation is the work of the ruling American Popular Revolutionary Alliance (APRA). It holds a majority in the key House of Representatives' committee on the economy, banking and insurance, and the constitution, which jointly redrafted the bill.

The right-wing parties walked out of the drafting committee's sessions and claimed that the new version of the bill was being directed from the presidential palace. The left-wing parties participated in the redrafting, winning the concession that a worker representative be elected to the board of directors in each of the institutions.

President Garcia says that he is determined to move the legislation through congress quickly. Given APRA majorities in both houses, the bill is expected to be approved in record time.

The private owners and directors of the 33 institutions remain in charge of their banks and companies following the suspension last week of the temporary takeovers.

Bank issues new guidelines on loans to developing countries

By Alexander Nicoll, EUROMARKETS EDITOR, IN LONDON

THE BANK of England has issued guidelines to British banks on the provisions they might be expected to make for loans to troubled developing countries.

The move follows the decision of many US and UK banks to make large increases in their loan loss reserves after an escalation in the five-year-old debt crisis this year. The Bank has, however, been concerned for some time about the general level of provisioning.

Officials emphasised that the guidelines are voluntary and will simply provide a basis for discussion with individual banks as part of the Bank's regular prudential supervision.

Nevertheless, the new framework seems bound to increase pressure on banks which have not yet done so to set aside provisions which could in some cases necessitate moves to

shore up their capital. All four British clearing (retail) banks have already announced substantial increases in their provisions.

The trend towards higher provisions was started in May by Citicorp, the largest bank lender to developing countries, after difficulties in arranging a rescue package for Mexico and after Brazil, the largest Third World debtor, had stopped paying interest on \$68bn of debt to banks.

British commercial bankers said yesterday that they welcomed the Bank's initiative as providing a valuable yardstick, although some had quibbles about its provisions.

The Bank, like some of the major lending banks, has devised a checklist against which banks can "score" the economic and repayment performance of countries to which they have loan exposure.

It will not itself score the debtor countries, but will ask banks to rate them according to the criteria it has set. The higher the score of negative factors, the higher the provision which the lending bank will be expected to take.

Countries which have suspended debt repayments or have built up long-standing arrears to their creditors will score highest. Adding to their score will be failure to meet economic ratios affecting the prospects for debt service, such as the ratio of interest payments to export earnings, and of foreign exchange reserves to projected imports.

The Bank also takes into account the secondary market for a country's debt - although it assigns it a fairly low weighting in its scoring system.

Six minesweepers sent to Gulf

Continued from Page 1

case ceasefire. Mr Javier Perez de Cuellar, the UN Secretary-General, was due to report back after receiving a formal reply from Iran. This was expected to say that Tehran saw some positive points in the resolution but could not accept it as a whole.

As a result, the US and Britain were expected to press for the drafting of a second resolution calling for a mandatory arms embargo against Iran. It was not clear whether this was to be extended to cover Iraq following Baghdad's resumption of bombing raids on Iranian economic targets on Monday. Both the Soviet Union and China are known to have reservations about an arms embargo, at least at this stage.

Meanwhile, the US Defence Department in Washington announced the safe arrival in Kuwait of three reflagged Kuwaiti tankers and their US Navy escorts after skirting a mine in the Gulf. Shipping sources said four US warships turned over the tankers to the Kuwaiti Navy at the edge of the emirate's territorial waters after a 350-mile trip delayed by about 36 hours by the discovery of a mine.

In another development, US officials disclosed in Washington that a US F-14 fighter had fired at least one missile at an

Iranian aircraft which appeared to be threatening it close to the Strait of Hormuz last Saturday. The plane veered away and the missile apparently missed it. This was the first known hostile firing of a missile by US forces in the Gulf since Washington began its escort mission for reflagged Kuwaiti tankers last month.

Our parliamentary staff writes: The decision to send minesweepers to the Gulf came under strong attack from the Labour Party which sees it as a covert way of entering into joint operations with the US fleet in the area.

Mr Donald Anderson, one of Labour's foreign affairs spokesmen described it as a "giant step" towards joint operations with the Americans and said Mrs Thatcher had clearly given in to US pressure behind the scenes.

But Dr David Owen, former SDP Leader and former Labour Foreign Secretary, described it as "an eminently sensible move." With mines fairly widespread, he said, the British naval ships should have the protection of their own minesweepers.

He added, however, that Britain should be very wary of deploying the sweepers outside the Armilla patrol or in defence of other countries' ships. That

should only be done as part of a multi-national minesweeping fleet, preferably with the involvement of the Soviet Union.

Labour was seeing the decision as a "U turn" on part of Mrs Thatcher following her earlier refusal to meet President Reagan's request for the despatch of British minesweepers to the area. It was felt that the sudden announcement of the change of policy was deliberately timed yesterday when most leading Opposition MPs had been departed for holidays abroad.

But this interpretation was being strongly denied by sources close to the Prime Minister. It was maintained that no further request for assistance had been received from the Americans.

The decision was purely a British one and had been taken because of the increased number of mines in and around the Gulf over the past few days. The minesweepers would be used only to protect the Royal Navy ships of the Armilla patrol and the vessels they were escorting.

However, it was conceded that this would have a "spin off" benefit for the American flag vessels in the Gulf. It was also being emphasised that when the original US request for minesweepers was rejected the Government had made it clear that it would keep the situation under constant review.

UK bank in Wall St stake

Continued from Page 1

Mr Nigel Hunt-Brown, Lloyds managing director, said in New York, Mr Stephen Weiss, the managing partner, said the deal would bring his firm a partner of worldwide standing and additional capital to build up its venture capital and leveraged buy-out business.

Existing partners would also receive payment, but would have to stay on several years.

Weiss, Peck & Greer, a 17-year-old partnership, is principally an investment management firm with control of \$50m of institutional and private client funds.

The deal had had to be carefully structured to conform with US regulations, but has received approval from the Federal Reserve Board, the US central bank. It is to be paid for in cash through Lloyds' merchant banking arm.

The deal is sensitive in regulatory terms because US banks are not permitted to deal in corporate securities or distribute their own mutual funds, both areas where Weiss, Peck & Greer is active. Lloyds has, therefore, had to give an undertaking to the Fed that its investment will be passive.

S Africa drops colour ban law

Continued from Page 1

ed by Anglo American, the largest of the mining houses and the one hardest-hit by the strike. It has reported cases of intimidation at some of its mines, saying that shaft stewards have prevented men who want to work from leaving the hostels. The NUM counters this by saying that the employers are trying to crush the strike by force.

Before the strike started there were fears that the government might intervene to end it.

World Weather

Area	Temp	Wind	Cloud	Precip	Area	Temp	Wind	Cloud	Precip
Algeria	22	10	10	0	London	18	10	10	0
Amman	22	10	10	0	Madrid	22	10	10	0
Algiers	22	10	10	0	Moscow	18	10	10	0
Antwerp	18	10	10	0	New York	22	10	10	0
Athens	22	10	10	0	Osaka	22	10	10	0
Bahia	22	10	10	0	Paris	18	10	10	0
Bombay	22	10	10	0	Rome	22	10	10	0
Buenos Aires	22	10	10	0	Sao Paulo	22	10	10	0
Calcutta	22	10	10	0	Seoul	22	10	10	0
Cairo	22	10	10	0	Shanghai	22	10	10	0
Cardiff	18	10	10	0	Singapore	22	10	10	0
Chennai	22	10	10	0	Stockholm	18	10	10	0
Colombo	22	10	10	0	Taipei	22	10	10	0
Copenhagen	18	10	10	0	Tokyo	22	10	10	0
Dublin	18	10	10	0	Ulaanbaatar	18	10	10	0
Edinburgh	18	10	10	0	Yokohama	22	10	10	0
Geneva	18	10	10	0					
Hankow	22	10	10	0					
Hong Kong	22	10	10	0					
Kobe	22	10	10	0					
Kuala Lumpur	22	10	10	0					
Lahore	22	10	10	0					
London	18	10	10	0					
Los Angeles	22	10	10	0					
Manila	22	10	10	0					
Moscow	18	10	10	0					
Mumbai	22	10	10	0					
Nairobi	22	10	10	0					
Osaka	22	10	10	0					
Paris	18	10	10	0					
Rangoon	22	10	10	0					
Reykjavik	18	10	10	0					
Riyadh	22	10	10	0					
Sao Paulo	22	10	10	0					
Seoul	22	10	10	0					
Shanghai	22	10	10	0					
Singapore	22	10	10	0					
Stockholm	18	10	10	0					
Taipei	22	10	10	0					
Tokyo	22	10	10	0					
Ulaanbaatar	18	10	10	0					
Yokohama	22	10	10	0					

Readings at 06:00 GMT on August 12, 1987. Wind direction and speed in mph. Precipitation in mm.

NEWS REVIEW

BUSINESS

Caribbean Message

Ferranti Computer Systems, Wythenshawe Division, has won a major order against stiff international competition for the Trinidad and Tobago Aeronautical Fixed Telecommunications Network (AFTN) message handling system.

The new switching centre will be located at Piarco Airport and will form a major link between North and South American networks as well as handling international and local AFTN traffic in and out of Trinidad and surrounding Caribbean islands.

Naval training

HMS Dryad, the Royal Navy's School of Maritime Operations (SMOP) near Portsmouth, has formally accepted a new Ferranti trainer which fully simulates the operations room of a Type 23 frigate.

The Type 23 trainer forms part of the training complex designed and built by Ferranti Computer Systems at HMS Dryad. This is now the largest real-time computer complex outside the United Kingdom.

Briefly...

Birmingham Polytechnic has just replaced its telephone system with a Ferranti GTE Omnicom telephone exchange for three of its sites.

Symantec Corporation, a small but dynamic typesetting company in Crickwood, has ordered a Ferranti CS7 computer composing system.

ADVERTISEMENT

Citicorp abandons bid to market Choice credit card

BY JAMES BUCHAN IN NEW YORK

CITICORP, the largest US banking group, is abandoning a 10-year effort to market an independent credit card and will convert its Choice card to Visa, a system owned by member banks.

The decision by Citicorp effectively to abandon Choice, which has about 1.5m customers in selected areas of the US, confirms that competition is heating up in the 150m-strong US credit card market with the advent of new credit cards from heavyweight non-banks such as American Express and Sears Roebuck.

Citicorp, which is the largest bank issuer of cards with some 10m accounts, said that from September

1 it would switch Choice to the Visa system because customers wanted immediate acceptability, both nationally and internationally.

Analysts believe that Citicorp, which launched Choice to bypass the fees banks have to pay to the Visa and Mastercard systems, failed to garner enough customers and retailers to cover the high costs of operating the card.

"There's all this infrastructure to support your own card," said Mr John Pollock, editor of Bank Credit Card Observer, an industry newsletter based in New Jersey. Mr Pollock said that, despite its "muscle, reach and bank credit card market share," Citicorp lacked the national

customer base which American Express and Sears are tapping.

American Express, which started offering its Optima credit card to customers of its famous charge card in the spring, "already has a national constituency with its charge card. Optima has a better run at success," American Express indicated the banking industry by announcing an interest rate of 13.5 per cent on Optima, as against 21 per cent on Choice and a bank credit card average estimated by Mr Pollock at 17.3 per cent.

Despite losing nearly \$40m a quarter on the project, Sears has gathered 15m customers for its Discover card in its 18 months of existence.

Quaker Oats rises 11.4% to \$185m

By Our Financial Staff

QUAKER OATS, the Chicago-based foods group, yesterday announced an 11.4 per cent rise in annual net earnings to \$185.1m and a further disposal among the Anderson Clayton businesses acquired last autumn.

It has sold Igloo Products, a Houston manufacturer of consumer and industrial ice chests and beverage coolers, to an investor group including First Boston affiliates and Igloo senior management. Although terms were not disclosed, Quaker said Igloo had sales of about \$110m.

The sale includes Impact Extrusion, a producer of thermoplastic sheet used in the recreational vehicle, spa, pool and specialty plastic industries.

Quaker bought Anderson Clayton for \$312m last September. This June it made a \$235m foods disposal to Kraft and aims to sell all these businesses except Gaius Pet Foods.

The latest year's results included an after-tax charge of 14 cents a share, taken in the second quarter, for the closing of a pet foods manufacturing plant in connection with the acquisition of Gaines.

Annual operating earnings were \$2.26 a share, up from \$2.06. Sales rose to \$4.42bn from \$4.46bn. For the fourth quarter alone, profits were \$1.1m compared with \$74m, equivalent to 90 cents a share on each occasion. This came on revenues of \$1.20bn against \$200.6m.

Quaker said it benefited from improved results in Europe, particularly better margins in the Quaker corn oil business in Italy and increased unit volumes in German pet foods.

Its Fisher-Price toy line was also showing "very strong" orders with a good retail response to new products.

Wal-Mart posts sharp 40% surge in earnings

BY RODERICK ORAM IN NEW YORK

WAL-MART STORES, the southern group poised to overtake J.C. Penney to become the third-largest US retailer, has reported a better-than-expected 40 per cent rise in profits on a 35 per cent surge in sales for the second quarter.

Net profits for the three months ended July 31 rose to \$134.1m or 24 cents a share, after a two-for-one stock split on July 10, from \$95.8m, or 17 cents, a year earlier. First-half net was \$244.5m, or 45 cents, up 44 per cent from \$169.3m, or 30 cents.

Sales grew to \$3.73bn in the second quarter from \$2.77bn a year earlier, lifting first-half sales 44 per cent to \$6.94bn from \$4.81bn.

The spectacular growth of the discount retailer has made Mr Sam Walton, its founder, the wealthiest man in the US, according to Forbes

magazine. Wal-Mart is headquartered in Bentonville, a town of 10,000 people in north-west Arkansas, five miles away from the site of the first Wal-Mart store Mr Walton opened 25 years ago.

Commenting on the latest results, Mr Walton, chairman, said: "We are pleased with the consistent customer reaction to our merchandise values, resulting in above-budget sales and earnings."

At quarter-end, the group totalled 1,059 Wal-Mart stores, up from 915 a year earlier. 73 Sam's Wholesale clubs (57) and 10 dot Discount Drug stores (four). The new stores added more than 4m square feet of retailing space. Virtually all the stores are in a 24-state area within 500 miles of Bentonville.

Meanwhile, The Limited, the largest US retailers specialising in women's clothes, reported a 42 per cent increase in net profits in the second quarter ended August 1 to \$57.2m, or 30 cents a share, from \$40.2m, or 22 cents, a year earlier.

First-half net rose 43 per cent to \$102.6m, or 54 cents, from \$71.6m, or 39 cents. Second-quarter sales were up 18 per cent at \$622.1m against \$526.2m and up 20 per cent in the first half to \$1.63bn from \$1.38bn.

The Columbus, Ohio, based group which has 2,657 stores nationwide, said a major contribution to the latest performance had come from Limited Express, a 300-store division started in 1983 which is planning to expand from women's into men's fashions.

Mellon to cut back workforce by 10%

By Our New York Staff

MELLON BANK, the celebrated Pittsburgh banking group which has been tarnished by heavy loan losses, is to reduce its 19,000-strong workforce by some 10 per cent in a bid by new management to reorganise the troubled group.

Mr Frank Cahoon, who was appointed as chief executive of the century-old bank in June, said in a newspaper interview that Mellon would cut its workforce by between 1,600 and 2,000.

Mellon, which has suffered heavy losses in the last six months, last month announced a six-month salary and hiring freeze.

Mr Cahoon, a tough banking executive credited with turning round Crocker National of San Francisco on behalf of the UK's Midland Bank, also said that he expected Mellon to make a profit in its third quarter to September.

In the June quarter, Mellon lost \$300m after setting aside \$415m in reserves against its book of problem international and domestic loans. A \$50m loss in the first quarter led to the ousting of Mr David Barnes as chief executive.

Ryobi in bid for Inertia Dynamics

By Our Financial Staff

RYOBI, Japan's largest maker of die castings, has moved to expand its US presence with a bid for Inertia Dynamics, an Arizona maker of powered gardening tools.

Inertia Dynamics, which claims second place in the US market for petrol-driven grass trimmers, is valued under the offer at some \$68.5m. It went public three-and-a-half years ago and had sales in the year to last August of \$40.1m, on which it made net profits of \$2.9m.

The company is already one-third owned by Ryobi.

Principal Group files for bankruptcy

By Our Montreal Correspondent

PRINCIPAL Group Limited, an Alberta-based financial service company with assets of C\$1bn (US\$175m) has filed for bankruptcy after the collapse of two subsidiaries last June.

The Alberta government from the assets of First Investment Corporation and Associated Investors of Canada on June 30 because it doubted that they could make full payment to about 67,000 smaller investors in western Canada who held nearly C\$500m of uninsured investment contracts. The investors may lose C\$40m.

Another subsidiary, Principal Savings and Trust Company, has lost nearly 10 per cent of its depositors since June. The Principal Group looked for a merger with a large corporation.

The trust company deposits are insured up to the legal C\$50,000 limit per account.

Intel-AMD licence dispute escalates

BY LOUISE KEOH IN SAN FRANCISCO

A BITTER dispute between Silicon Valley neighbours Intel and Advanced Micro Devices over microprocessor licensing has escalated, with Intel now seeking revocation of AMD's rights to manufacture some of Intel's most widely used microprocessors.

The dispute stems from a 1982 10-year second sourcing pact whereby the companies agreed to swap manufacturing licences on a wide range of current and future products. The agreement appeared to work well until last year when Intel introduced a 32-bit microprocessor, called the 386.

According to AMD, Intel has refused to provide technical details of the 386 in accordance with their agreement. Intel says AMD has been unable to come up with products of equivalent value in exchange for the 386.

The dispute was taken to closed

arbitration in April when Intel terminated the agreement. AMD responded with a claim for \$1bn in punitive damages.

In the latest move, Intel is seeking to cancel previous licensing agreements with AMD for the widely used 286 microprocessor, a 16-bit chip used in many personal computers including several IBM models; the 186, an 8-bit microprocessor; and the 8031, a widely used microcontroller.

Losing the rights to make the Intel-designed chips would be a blow for AMD. The Intel-designed microprocessors represent a significant portion of AMD's business, and without them AMD might also lose sales of associated chips used by personal computer makers.

In a competitive move this week, AMD introduced a new version of the 286 microprocessor which, it claims, rivals Intel's 386.

Alberto-Culver raises bid for Lamaur to \$22

By Our Financial Staff

ALBERTO-CULVER, the Illinois personal care products group whose brands include VOS shampoo, has raised its cash bid for Lamaur from \$22 a share to \$24, valuing its smaller, Minnesota-based rival at \$144m. Lamaur's stock was trading at \$24.4, up 51%, following the revised bid.

Alberto-Culver said in a statement that it hoped to receive a favourable response to its revised bid by the end of the week. On July 31 Lamaur said it would act on the initial Alberto-Culver offer within two weeks.

Alberto-Culver already owns about 400,000 shares, or 7 per cent of Lamaur's 5m common shares outstanding.

Industry analysts believe Lamaur is considering a leveraged buyout, but Alberto-Culver would not comment on whether this possibility spurred the revised bid.

Profits jump to C\$152m at Canadian Pacific

BY ROBERT GIBBENS IN MONTREAL

BETTER RESULTS from rail and truck operations and from pulp and paper and steel subsidiaries have brought a sharp turnaround in second-quarter and first-half results of Canadian Pacific, the Montreal-based transportation and energy resources group.

On an operating basis, CP reported net profits in the second quarter of C\$152.4m (US\$114.8m), or 31 cents a share, up from C\$43.7m, or 15 cents, a year earlier. Revenues were C\$3.1bn against C\$3.9bn, mainly due to the sale of Cominco, the group's mining and metals arm.

At the six-month stage, CP's net operating profit amounted to C\$277.8m, or 93 cents a share, up from C\$71m, or 8 cents, for the same period last year, on revenues of C\$5.9bn against C\$7.5bn.

The period excluded a gain of C\$5.9m on the sale of Canadian Pacific Airlines, against special

charges totalling C\$362m in the corresponding 1986 period.

CP said favourable factors this year were higher rail freight volumes, including peak shipments of grain, gains in efficiency, lower fuel prices and better results from CP Ships and CP Trucks. PanCanadian Petroleum earnings were lower.

CP Inc swung back from loss with a C\$44m profit in the first half, and Great Lakes Forest Products earnings also showed a major upswing. Algoma Steel returned to profitability, but AMCA, the US-based steel products group, continued in loss.

● Air Canada, the national airline, continued its recovery in the second quarter with net earnings of C\$42.3m, up from C\$6.9m a year earlier. In the first half of 1987 the airline posted a profit of C\$58.6m, against a loss of C\$28.4m a year earlier.

All these securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

11th August, 1987



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UK COMPANY NEWS

UK recovery helps GA to £103m

BY NICK BUNKER, INSURANCE CORRESPONDENT

General Accident, Britain's second biggest composite insurer, outstripped the City's forecasts yesterday with half-yearly pre-tax profits of £102.8m bolstered by a bigger than expected recovery in the UK.

Leading stockbrokers' analysts had been estimating that the pre-tax figure would be between £85m and £95m. In the first six months of 1986, GA made £49.4m pre-tax. The shares climbed 4 1/2 to close at £10 1/2.

In its biggest territory, the US, GA reported underwriting results a little worse than those of major property/casualty insurers, because of the impact of losses on its large private automobile account.

The main surprise lay, however, in a £21m second-quarter fall in underwriting losses in the UK, which accounted for 34 per cent of worldwide non-life premiums.

Mr. Buchanan Marshall, chief general manager, said "the pace of improvement should not be expected to be maintained for

too long, particularly perhaps in the US."

Mr. Jim Corcoran, US general manager, said premium rate-cutting was occurring on big commercial property and liability accounts controlled by US insurance brokers, partly because of easier availability of reinsurance.

Worldwide, non-life premiums rose by an underlying 16.7 per cent to £1.16bn, while underwriting losses fell by £40.6m to £57.1m. Investment income grew by an underlying 13.6 per cent to £155.1m, while life profits were up 30 per cent at £5.5m.

Group profits after tax and minorities were £78.6m (£44.5m), with earnings per share up 74 per cent at 42.3p. GA declared an interim dividend up 25 per cent at 12.5p per share.

Net asset per share rose from 109.1p to 134.9p, with a solvency margin of 100.2 per cent.

In the UK GA made a second-quarter underwriting profit of

£11m, against a £8.8m loss in the same period of 1986. For the half-year, GA nearly halved its UK underwriting loss from £38.8m to £19.9m, in spite of exceptional weather losses in the first quarter.

Mr. Tom Roberts, GA's UK general manager, said the home-owners' account had benefited from an improvement in fire and burglary claims, which helped it to a surprisingly big £8.5m underwriting profit in the second quarter. This reduced the first-half underwriting loss to £11m from £12.3m in 1986.

On UK motor business, GA's underwriting loss fell from £15.1m in the first half of 1986 to £9.8m.

Mr. Roberts said there were signs of a stabilisation in the rate of growth in claims frequency at about 5 per cent. GA put up motor premium rates from June 1, but believes the market forces could lead to a slackening in the frequency and scale of further increases.

GA's US operations contributed 35 per cent of non-life premiums, with a £7.5m improvement in interim underwriting losses to £33m on written premiums up 17 per cent.

The GA's US operating ratio—the standard measure of underwriting profitability, which measures claims and expenses as a percentage of premiums—was 107.28.

An improvement of 2.7 points on GA's 1986 interim figure, this was still worse than the US property/casualty industry average of about 104-105.

However, GA is a big writer of private motor business, where US insurers' ability to secure rate increases varies widely from state to state.

Outside the US and UK, GA's interim underwriting loss was £5.2m, down from £21.4m helped by £4m underwriting profit in Canada. European underwriting losses were down from £10.7m to £6.8m.

See Lex

Clarke Hooper exceeds targets

IN ITS first year on the USM, Clarke Hooper has exceeded its core business and laid strong foundations for profitable long-term growth, the directors claim.

Announcing the results for the year ended April 30 1987 yesterday, they said figures outperformed the targets set at the time of the flotation (May 1986) and built further on the rapid growth of 1986-87.

Turnover of the group, a sales promotion consultancy, rose by 26 per cent, from £7.47m to £9.53m, and the profit before tax increased by 12 per cent, from £912,000 to £1.02m. Last year included £87,000 exceptional credit, wiping that out pushed the 1986-87 percentage rise to 21 per cent.

After tax £373,000 (£384,000) yielded a profit of 10.7p (£11.4p) per share. The final dividend is 1.5p to make a net total of 2.5p.

Mr. Barry Clarke, chairman, said the group had been established as a successful and well-managed international company in a growth market.

He said the principal operating company, Clarke Hooper Consulting, lifted its profit 24 per cent on a 22 per cent rise in turnover. The client base broadened considerably. This strong progress in the core sales promotion business was despite start-up costs arising from the investment made in the new direct marketing division.

Comment

The rise of whimsical choice—buying in the trade—is what lies behind the trend for companies to spend more on sales promotion at the expense of traditional advertising. This is likely to continue as more companies become aware of the change in buying habits. Clarke Hooper is in the happy position of being able to cash in on the trend, having established itself as a sales promotion specialist since 1974. It is also making the business international through US acquisitions, and new business through client referrals across the group has already started to boost turnover. Clarke Hooper has been careful about what it buys, and aims at spending 94 times earnings next time around. This results in an immediate boost to earnings. A prospective p/e of 21 based on pre-tax profits forecast of £1.6m in the current year gives reasonably full value to the shares, but longer-term growth prospects should not be discounted.

Hestair in £13m expansion of US job agencies

BY STEVEN BUTLER

Hestair, holding company with interests including fire engines and employment services, is increasing the British advance into the US temporary employment agency business. It has made two acquisitions in the New York area and in Massachusetts for a total of \$19.79m (£12.6m).

The acquisitions increase Hestair's geographical presence, especially in New York, which accounts for 22 per cent of the US market.

Mr. David Hargreaves, chairman, said the group would proceed with plans to develop a national network of agencies in the US operating under a single name and trading style.

The US network now consists of 65 branches with an annual turnover in excess of \$150m. Thirty branches are to be added by the year end, and the group will rapidly push the total to 200, through selective acquisitions and organic growth, with a potential annual turnover of \$400m, said Mr. Hargreaves.

The strategy contrasts with the Blue Arrow \$12m bid for Manpower in which Blue Arrow is trying to buy an established national network, at a multiple of earnings of 30 times.

"We are prepared to go more slowly, more steadily, and end up at the same place," said Mr. Hargreaves.

The \$17.49m purchase of Aubrey Thomas in New York gives an est. p/s of 11.8, the higher Hestair has paid. Hestair had initially shied away from the New York area because of generally lower margins.

Gross margins at Aubrey Thomas at 20 per cent, are only slightly below the group average of 30 per cent. By contrast gross margins at Manpower are 24 per cent.

"We do not believe in the high volume, low margin contract business," said Mr. Hargreaves.

The consideration for Aubrey Thomas is to be satisfied by the

issue of 3.49m shares, of which 98,474 are to be retained by the vendors, the rest being placed at 850p per share.

Aubrey Thomas has current annualised sales of \$31m, with estimated annualised profits of \$2.3m. Management accounts showed pre-tax profits of \$1.4m on sales of \$19.9m in the eight months to July 1987. Sales are said to be growing at 20 per cent annually.

The Hestair US subsidiary Ward Management is also purchasing five branches in Massachusetts from Kelly Assisted Living Services. Sales at the five branches are estimated at \$4m annually, with net incremental profits contribution of about \$0.6m.

Consideration for assets and goodwill, excluding receivables, is \$2.3m in cash, with \$500,000 to be paid on completion. Hestair will inject a further \$600,000 to fund receivables.

Hestair shares yesterday jumped 23p to close at 850p following the announcement.

Aspen lifts interim profits to £1.5m

Aspen Communications, magazine producer and publisher, video programmes, radio telephones and computer stationery, yesterday reported a sharp advance from £931,000 to £1.49m in pre-tax profits for the six months ended June 30.

The directors of this USM-quoted company said that the year has seen a substantially increased level of capital and revenue investment in existing Aspen companies and the related benefits to earnings have yet to be realised. At the same time the board is developing selected acquisition opportunities in related businesses. The prospects for the group remain good and another successful year is anticipated.

Margins showed some improvement but the directors said the constraints signalled in

the annual report were experienced in the first half of the year. With the end of the major disruption to working conditions, the creation of new advanced production facilities and the addition of a number of new contracts, margins are expected to improve beyond September.

Dealing with the various group operations the board commented that Aspen Corporate Communications experienced a healthy increase in turnover although profits were below expectations due to reorganisation and continuing high levels of development expenditure. A significant improvement in results was anticipated for the second half.

The Post Office QTV advertising medium continued to progress at a healthy rate and the

pre-print group business forms and computer supplies division continued its excellent progress. Clearstone Radio Communications Equipment is making strong progress in all areas and a substantially improved result for the year was anticipated.

Group turnover in the first six months rose 53 per cent to £11.85m (£7.43m); tax took £550,000 (£234,000); and minority £19,000 (£10,000) leaving earnings per share up from 7.54p to 9.82p.

The interim dividend is increased from 1.3p to 1.6p; last year's total was 3.7p.

Comment

Aspen has been one of the less heralded USM successes—its market capitalisation increasing from only £8.4m to £31m in just over two years

since it joined the market. Its mix of businesses is firmly US-related—corporate videos, business forms, magazine printing and radio communications—and it is dallying with the idea of moving into public relations. The integration of Spafax, bought for \$8.2m last year, and higher development costs held back corporate communications profits in the first six months but that division should lead growth in the second half—helping pre-tax profits for the year to reach £3.3m. That leaves the shares on a hefty prospective p/e of 34, at last night's 850p, but its rating, based as it is on several years of strong earnings growth, looks more solidly-based than some of the other glamour USM stocks.

Manchester Ship ahead midway

BY PHILIP COGGAN

Manchester Ship Canal, the company in which Highams, the privately-owned textiles group, recently gained control, yesterday announced interim pre-tax profits of \$368,000 despite paying further voluntary severance costs of £1.8m.

At the halfway period last year, severance costs of £2.7m turned a profit of £2.62m into a pre-tax loss of £750,000.

This year, profits for the six months to end-June, including property and investment income, were higher at £2.68m and a pre-tax profit was achieved despite charging accelerated depreciation on dredging equipment of \$440,000. However, after tax of £200,000 (nil) and extraordinary expenses

of £117,000 (£77,000), there was a loss attributable to shareholders of £50,000 (£227,000).

The ship canal has been in a long-term decline, with the upper reaches from Runcorn to Manchester losing substantial amounts of money.

Manchester Ship now faces a material downturn in revenue from its port operations. In June, sludge traffic ceased to use the canal after 90 years and the company will hereby lose business which produced income of just under £500,000 in the first half.

However, Manchester Ship hopes that if costs can be reduced, the long-term profit

ability of the port operations can be secured. The company has certain statutory obligations relating to navigation and drainage in the Mersey basin.

At the heart of the bid battle was the property interests of either bank of the canal and the company has now established a property division which is examining the best way of exploiting its assets.

The major hope is the Trafford shopping centre on the Barton dock estate, but the outcome of its planning application will not be known until next year.

Net assets at June 30 were \$49.77m or 23.3p per share, ordinary and preference share.

Scholes reiterates its rejection of Delta bid

BY PHILIP COGGAN

The board of George H. Scholes, electrical engineering company, yesterday reiterated its rejection of the \$70m bid from Delta Group, the Midlands-based electrical and engineering company.

Scholes maintains that its relationship with Brown Boveri, one of two companies which

provide it with circuit breaker technology, would be terminated in the event of a Delta takeover.

The Scholes share price, having fallen below the Delta cash offer of 550p, closed last night at 563p. The Delta share and cash offer is worth 528p.

London East stake sold

The Little family has sold a 22.52 per cent interest in London East Securities, the listed family investment trust.

Banque Paribas has acquired the biggest block of shares, amounting to 29.97 per cent of the company, with the balance spread among institutions and individuals independent of Paribas, including Pacific Investments (6.8 per cent), and British Empire Securities

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Luxembourg August 1987
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208 123	Ass. Bric. Ind. Ordinary	204	—	7.2	3.8	12.1
208 145	Ass. Bric. Ind. CULS	204	—	10.0	4.9	—
40 34	Armitage and Rodden	38	—	4.2	11.1	8.2
142 67	BBS Design Group (USM)	112md +22	—	2.1	1.8	17.8
106 108	Bardon Group	103	—	2.7	1.8	27.8
176 85	Bry Technology	178md	—	4.7	2.7	14.0
254 130	CCL Group Ordinary	264	—	11.8	4.8	8.8
138 80	CCL Group Time Conv. Pref.	136	—	16.7	11.4	—
180 120	Carbonium Ordinary	180	—	8.4	3.3	13.8
94 91	Carbonium 7.5pc Pref.	98	—	10.7	11.8	—
117 87	George Blair	117md	+2	3.7	3.2	3.0
148 118	Ide Group	120	—	—	—	—
75 60	Jackson Group	70	—	5.4	4.8	8.5
440 321	James Burrough	440	—	18.2	4.1	10.0
87 86	James Burrough Bpc Pref.	87	—	12.9	13.3	—
780 820	Multihouse NV (AmstSE)	800	—	—	—	18.8
628 391	Record Highway Ordinary	628 +3	—	1.4	—	10.7
88 83	Record Highway 10pc Pref.	88	—	14.1	18.4	—
91 77	Robert Jenkins	77	—	—	—	3.4
134 42	Servotone	124md	—	—	—	—
302 141	Torday and Carlisle	302 +3	—	6.8	3.3	8.8
42 32	Towler Holdings	42md	—	7.8	18.8	0.8
131 75	Unicomb Holdings (SE)	114md	—	2.8	2.8	21.0
220 116	Winter Alexander	220 +10	—	8.9	2.7	16.8
198 180	W. S. Yates	185	—	17.4	8.9	18.8
176 86	West Yorks. Ind. Hosp. (USM)	125	—	5.8	4.4	13.2

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UK COMPANY NEWS

Maxwell meets with Elsevier tomorrow

BY RAYMOND SNOODY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, will meet Mr Pierre Vinken, chairman of Elsevier, the large Dutch publisher, for talks in Britain tomorrow.

The meeting which is expected to cover a wide range of options for a possible alliance between Mr Maxwell's British Printing and Communications Corporation and Elsevier was at Mr Maxwell's request.

The British publisher has made it clear he is prepared to pay cash for Elsevier, one of the largest Dutch publishers whose interests range from scientific journals to newspapers and consumer magazines.

Mr Maxwell has been emphasising that his intentions are friendly and that he is simply

seeking to explore "the concept of what two enterprises with similarities can do together."

Last week Mr Maxwell sent his executive jet to Holland to pick up 12 Dutch journalists for a briefing in London.

In the articles that subsequently appeared in the Dutch press there was a marked absence of any hostility towards Mr Maxwell's designs on Elsevier.

Mr Vinken, who believes that a major league of international publishing organisations will emerge, has been having talks with a number of large English-language publishers.

The share price of Elsevier, a company capitalised at about £1bn, was suspended for a short time last week amid rumours of a Maxwell bid.

Everard down at £0.5m after lower property sales

The poor winter and spring weather was blamed by Everard Brewery for a slight fall in the interim turnover.

However, Mr Adrian Weston, chairman, said that better cost control and higher retail profit, resulting from the increased investment in public houses, led to an increase in trading profits from £387,000 to £368,000.

Turnover for this Leicester-based company in the 26 weeks to March 28 1987 fell from £9.28m to £8.57m. After lower profits from property disposals of £105,000 (£339,000) pre-tax profits came out at £473,000, against £598,000 last time.

Eurotherm's Kineron payment

Eurotherm International's first instalment of the consideration payable to the vendors of Kineron Gauging Systems amounts to £2.5m plus interest of which £2.5m is to be satisfied by the issue of 568,181 new ordinary shares with the balance in cash. The new shares are being placed by

Robert Fleming at a price of 440p per share.

A further four instalments are payable, which will amount in total to the audited pre-tax profits of Kineron for the period from January 1 1987 to April 30 1990. All instalments may be satisfied at Eurotherm's option by the issue and allotment of shares or in cash.

DIVIDENDS ANNOUNCED

Aspen Conventions Int	1.8t	Oct 29	—	2	—
Aspen Communications	1.6t	Oct 1	1.5	—	3.7
Clarke Hooper	1.5t	—	—	2.5	—
Continental Indust Int	20	Oct 1	nil	—	30
Gen Accident	12.5	—	10	—	38
Retail Jewellery	0.05	—	0.05	0.05	—
Metal Bulletin	1.6t	Oct 9	1.65	—	4.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. || For seven months.

Ashtead confident as profit tops forecast

Ashtead Group, plant hire company which came to the USM last November, has beaten its profit forecast by 12 per cent in the year ended April 30 1987. And growth continued on all fronts.

Turnover for the year advanced by 42 per cent to £5.1m (£3.6m) and, with pre-tax margins improving from 15 per cent to 20 per cent, the pre-tax profit surged 91 per cent to £1.02m (£533,000). The forecast was for £810,000.

Mr Peter Lewis, the chairman, pointed out that only one month's trading from Keyplant's 13 locations contributed to the figure.

Earnings for the year were 11.2p (6.4p) and the dividend is the promised 3p net.

Mr Lewis said the current year's trading was continuing at satisfactory levels through-out the enlarged group.

Keyplant's profit centres had been fully integrated into the group operational structure and

substantial benefits from the acquisition were expected this year as Keyplant's historic margins of 5 per cent were increased.

The group had withdrawn from Keyplant's activities in operated plant hire and the benefits of that, and other rationalisations, were also expected to come through.

Mr Lewis said Ashtead's growth has continued on all fronts, in terms of market capitalisation, profits, turnover, investment in working assets (a record £2.1m), pre-tax margins (currently 20 per cent), and profit centres across the UK.

Group policy was to seek increased efficiency in existing activities and to exploit profitable opportunities for growth by acquisition.

● Comment
Ashtead has an innovative approach to industrial relations and Peter Lewis is convinced

its employee incentive scheme is the main impetus behind the group's margins growth from 3.5 per cent at the time he acquired the company in 1984 to its present 20 per cent. Keyplant has undergone the same transformation to local branch autonomy and profit sharing and Ashtead is confident of similar margins growth, especially as the more costly operated plant side has been eliminated. The group has firm intentions of increasing its 21 per cent market share, and on present performance seems perfectly capable of emerging as eventual leader. With gearing at just below the 100 per cent mark any acquisitions this year are likely to be on the small side unless another Keyplant arrives on the scene. An expected £11m produces a prospective p/e of around 23 on a share price of £70p; that looks expensive, but given the group's strong growth, that rating could be halved in two years.

Metal Bulletin profits halved

Metal Bulletin, USM-quoted publisher of international trade journals, reported pre-tax profits almost halved at £351,700 for the six months ending June 30, against a previous £497,906.

Turnover rose from £3.18m to £3.48m.

There were two main reasons for the lower profits, which, the directors said, were below expectations. First, the core business area — international metal trading — had shown some recovery but that was too slow

to be reflected in the first half. Secondly, there was heavy investment made to broaden the publication base, with start-up and development costs being written off as they arose.

The directors expected record activity and a significant contribution from the planned programme of publications and conferences in the second half, but said the full year results were unlikely to match the record £1.24m pre-tax achieved in 1986.

They believed the recent acquisitions and title launches would directly benefit future profits. It was their intention to continue that development policy given the company's strong cash flow, even if there was an immediate adverse effect on reported profits.

They are paying an unchanged interim dividend of 1.55p from lower earnings of 2.04p (3.51p) per 10p share. A total of 4.8p was paid in 1986. Tax for the half year was £72,000 (£130,500).

UK BANKING

The Financial Times proposes to publish the above Survey on

MONDAY SEPTEMBER 21 1987

For further information regarding advertising in this Survey,

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FRIDAY SEPTEMBER 4 1987

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

LONDON - FRANKFURT - NEW YORK

This announcement appears as a matter of record only.

New Issues

23rd July, 1987

SABRE IV Limited

(Incorporated with limited liability in the Cayman Islands)

U.S.\$100,000,000

Floating Rate Secured Notes due 1992

Secured by a charge on a portfolio of fixed rate bonds and notes with an aggregate principal amount of U.S.\$143,500,000

Issue Price 100.05 per cent.

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Saitama Finance International Limited

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Mitsubishi Finance International Limited

Sumitomo Trust International Limited

DKB International Limited

Sanwa International Limited

Kleinwort Benson Limited

Prudential-Bache Capital Funding

Taiyo Kobe International Limited

This announcement appears as a matter of record only.

New Issues

7th August, 1987

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U.S.\$185,000,000

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Secured by a charge on a portfolio of fixed rate bonds and notes with an aggregate principal amount of U.S.\$257,000,000

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YAMAICHI INTERNATIONAL (EUROPE) LIMITED

GOLD FIELDS PROPERTY COMPANY LIMITED

(Incorporated in the Republic of South Africa)
(Registration No. 01/01078/06)

INTERIM REPORT			
CONSOLIDATED INCOME STATEMENT	*12 months ended 30 June 1987	*6 months ended 31 Dec 1986	Year ended 30 June 1986
TURNOVER	R000 16,849	R000 8,392	R000 17,212
REVENUE			
Income from rent and sale of property	6,398	3,160	6,683
Surplus on realisation of investments and mining title	927	—	965
Interest earned, gold royalties and income from other sources	5,871	2,618	4,015
Income from investment	1,078	618	1,028
Profit on sale of fixed assets	17	—	35
	14,311	6,396	12,724
EXPENDITURE			
Administration, property and general	2,585	1,321	1,976
Interest	28	12	38
PROFIT BEFORE TAX	11,786	5,063	10,712
Tax	5,319	2,444	4,672
PROFIT AFTER TAX	6,467	2,599	6,040
Earnings per share—cents	43	25	59
Dividends—per share—cents	2,843	1,227	3,067
—times covered	2.3	2.1	2.0
* Unaudited			
CONSOLIDATED BALANCE SHEET	*At 30 June 1987	*At 31 Dec 1986	At 30 June 1986
FIXED ASSETS	R000 28,770	R000 27,773	R000 27,104
INVESTMENTS	4,096	3,130	3,078
PROPERTIES AND VENTURES	13,573	11,754	12,796
NET CURRENT ASSETS	(1,384)	(1,374)	(1,377)
Current assets	8,134	2,321	3,721
Less current liabilities	6,518	3,695	5,098
	45,088	41,283	41,603
SHARE CAPITAL	286	256	265
Reserves	36,790	34,531	33,161
DEFERRED LIABILITIES AND PROVISIONS	37,006	34,787	33,417
LOANS RECEIVED	7,949	6,396	7,986
	100	100	200
	45,088	41,283	41,603
INVESTMENTS			
Listed—market value	28,568	15,425	12,417
—Excess over book value	16,970	12,740	9,749
—Book value	3,598	2,685	2,668
Unlisted—Book value	498	445	410
Number of shares in issue	10,224,350	10,224,350	10,224,350
Net assets (as valued) per share—cents	440	416	355
* Unaudited			

NOTES
Dividend—An interim dividend No. 128 of 12 cents per share, in respect of the six months ended 31 December 1986, absorbing R1,227,000 was declared on 14 January 1987 and paid on 4 March 1987.

Change of Financial Year End—As previously mentioned, the financial year end of the company has been changed from 30 June to 31 December.

Prospect—Net earnings should be maintained in the remainder of the financial year ending 31 December 1987, as the group's income from its various leased properties and royalty payments from West Rand Consolidated Mines should continue to make useful contributions to revenue.

DECLARATION OF SECOND INTERIM DIVIDEND

Dividend No. 129 of 16 cents per share has been declared in South African currency, payable to members registered at the close of business on 28 August 1987. Warrants payable on 30 September 1987 will be posted on or about 29 September 1987.

Standard conditions relating to the payment of dividends are obtainable from the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the Company on or before 28 August 1987 in accordance with the above-mentioned conditions.

The Register of members will be closed from 29 August to 4 September 1987, inclusive.

On behalf of the Board,
M. R. Fuller-Good
Chairman
B. R. van Rooyen
Directors

Registered and Head Office:
Gold Fields Building,
75 Fox Street,
Johannesburg, 2001.
London Office:
31 Charles II Street,
St. James's Square,
London, SW1Y 4AG.
11th August 1987

United Kingdom Registrar:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL.

UK COMPANY NEWS

Mike Smith on a takeover that failed to deliver its promise

The dark clouds over Stormgard



Jennifer d'Abo: resigned after policy row

TO SOME she was a shining example of British entrepreneurship at its best. Others argued her high-flying image owed less to her management track record than to the rare opportunity she gave the media to champion the cause of a businesswoman.

When it came to the crunch, shareholders in Selincourt, a struggling fashionware and fabrics group, decided to join the Jennifer d'Abo fan club. After a bitter takeover battle—in which her main adversary was Sir David Nicholson, former chairman of BTR and a veteran of many a takeover—she emerged triumphant.

Two years later those same shareholders may be left questioning the wisdom of their decision as they reflect on subsequent events at Stormgard, the quoted shell which Mrs d'Abo and her associates used to launch their £17.5m takeover of Selincourt.

Though small, Stormgard provided one of the most spectacular examples in recent years of an acquisition which failed to deliver its promise.

Hints of serious trouble first emerged last December when the company reported interim pre-tax losses of £193,000 and a passing of the dividend. There was much worse to come.

Shareholders were dealt a rude shock when Mrs d'Abo resigned her directorship in February after a row "over future policy," the nature of which has never been explained. Then in June, Stormgard revealed full-year pre-tax losses of £4.67m. And in the latest development, Lord Lever, the former Labour Cabinet minister, said last month that he was stepping down as chairman as he would not have the time to give the company in the future.

It is all so different from the two pictures of future prosperity painted during the takeover. The incumbent Selincourt management said that after the trauma of the early 1980s, when gearing rose at one stage to 250 per cent and net assets were cut by more than 50 per cent in five years, the company had turned the corner and could look forward to strong profits growth. It forecast a 34 per cent pre-tax increase to £1.55m for 1986.

Mrs d'Abo's team—which included her then husband, Robin, as a director and Mr David Dunn, formerly of Thomas Tilling and Hanson Trust managing director—made no profit predictions. It did, however, say that its design

and marketing flair would enable Selincourt to prosper. Looking back, Sir David is still clearly a little surprised and hurt by his defeat.

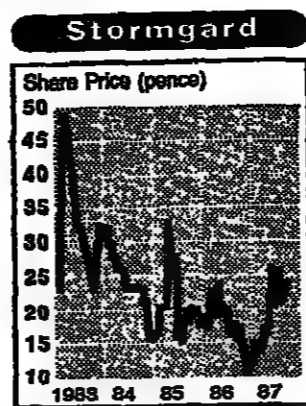
"After a lot of nursing and coaching we had cleaned up Selincourt and were building it up into a substantial textile group," he says. "It was very disappointing we were not supported."

Sir David says part of the explanation was the rough ride shareholders had been given in the early years of the decade. However, he feels the decisive factor was Mrs d'Abo. "She has winning ways. She is an attractive personality and knows how to sell herself," he says.

The Stock Market has, of course, always loved a good story and Mrs d'Abo was able to provide it. Tall, confident and flamboyant, she appeared well suited to play the role of one of the first women to spearhead a contested takeover bid.

She had her first serious contact with the City in the early 1970s while managing the investment portfolio of millionaire Peter Cadbury, her then husband. Later she made her mark by building up grocery and furniture businesses in Hampshire, and Jean Sorrell, the perfume manufacturer, in Berkshire. Mrs d'Abo's team recently raised a £30m participating loan syndicate through Close Brothers from financial institutions, including Caledonia.

Major developments in which Berkley House is currently participating alone, or with others, include Horsleydown Square, adjacent to Tower Bridge on the former Courage Brewery



Stormgard
Share Price (pence)

and Mrs d'Abo can point to her achievement in boosting the company from a value of £2.5m six years ago to one worth £20.25, the price Pentos paid for it last month.

Stormgard shareholders can only look on with envy. What went wrong?

Getting to the truth is not helped by the refusal of Mrs d'Abo, Lord Lever and Mr Dunn, who remains managing director, to comment. It is apparent, however, that two of the biggest problems have been the build-up of stocks and write-offs on bad debts.

The first difficulty suggests that Mrs d'Abo found it less easy than she expected to transform her much-trumpeted marketing and design skills from stationery to clothes and textiles. The second—a £338,000 write-off—was the result of inefficiency, admits Mr John Murray, the company's new chairman.

Mr Murray, who was one of the Stormgard takeover team in 1985, says some of the problems were inherited from the old Selincourt management but admits that Stormgard had expected difficulties from the start.

"And after all we have had two years to get it right," he says.

Stock provisions last year contributed £2.1m to the £4.67m of pre-tax losses, with £1.6m of the damage coming from the fashion sector of the group. Mr Murray says most of the write-offs were at its Garlaine subsidiary where turnover fell by about £2m to £8m in 1986-87. New designs had not sold well and they did so, the company would have been able to sell

more of the previous management's products on the back of them.

Garlaine's margins are sometimes higher than 40 per cent, so a fall in turnover hits the profits hard.

For Stormgard as a whole the outlook for the current year remains determinedly grim. The company says trading conditions are still difficult and it will continue its programme of reorganisation. Mr Murray will give no indication of when he expects the company to return to profitability, although he believes most of the problems have been straightforward.

Shareholders can find little comfort in the 1987 balance sheet. This shows gearing of nearly 150 per cent (although recent disposals have reduced this considerably, says Mr Murray). Loans and overdrafts falling due within one year more than doubled in the year to £2.49m, and shareholders' funds fell from about £11.84m to £6.80m.

The last figure is particularly poignant given the fact that in 1985 Mrs d'Abo pointed scornfully to how Selincourt's assets had declined from £12.5m to £5.7m during the previous five years. Since then there have been two capital injections, including a rights issue, to raise nearly £10m.

In spite of Stormgard's problems, its shares have risen strongly since hitting a low of 10p in December. Yesterday's price of 25p, which values the company at about £50m is nearly five times net asset value. On trading grounds alone analysts believe that the price is high. However, Mr Murray says the company has received no takeover approaches and is not aware of any significant stake builder.

Stormgard is not without its attractions. Although Frank Underwood, the highly profitable cocktail and eveningwear company, has been sold, Stormgard has kept other companies with well-known names. These include E.A. Richards, the knitwear company, and Jaquard, the scarves and fashion accessories subsidiary.

Any potential predator would have to take a long hard look about a company which last year made trading losses of £270,000, even before all the write-offs were made. And the bidder would doubtless want to know why Mrs d'Abo left last February.

Abaco buys another estate agent

Abaco, financial services group, has made its second estate agent purchase in two days with the £3.8m acquisition of W. E. Robinson, Manchester chartered surveyor and commercial estate agent.

Robinson made profits of £546,000 before tax and partners' salaries in the year to the end of March, on a turnover of £1.42m. It has six partners and a staff of 58.

The consideration is to be satisfied by £2.35m cash, and the issue of 1.23m shares.

The acquisition brings new share issues for the group to £7m for completed transactions, 16m for contracts exchanged conditionally, plus a maximum of 14m under deferred payment arrangements.

Caledonia's £13.8m for Berkley preference

Caledonia Investments has subscribed £13.75m for new convertible preference shares in Berkley House, a privately-owned London-based property developer.

Conversion terms attaching to the "preference" shares will entitle Caledonia to an equity participation of between 11 per cent and 16 per cent, depending on the timing of Berkley House becoming a listed company.

Berkley House recently raised a £30m participating loan syndicate through Close Brothers from financial institutions, including Caledonia. Major developments in which Berkley House is currently participating alone, or with others, include Horsleydown Square, adjacent to Tower Bridge on the former Courage Brewery

Welsh Trust doubles net asset value

Net asset value of the Welsh Industrial Investment Trust more than doubled over the past year from 1986 to 1987 at April 6 1987. Investment income fell from £32,594 to £21,624 but trading income rose substantially from £9,680 to £86,045.

Net operating expenses were £18,487 (£13,406) leaving operating profits of £67,557 (£59,182). Deducting interest of £30,758 (£9,476) pre-tax profits emerged at £36,800 (£49,706). Tax took £11,773 (£15,351) and earnings per 5p share worked through at 8.3p (0.05p). There was an extraordinary item of £45,382 (nil) representing the cost of obtaining admission to the Official List.

FINANCIAL TIMES SURVEYS OFFICE EQUIPMENT

Publication Date: Monday September 14 1987
Insertion Guarantee: Friday July 31 1987
Copy Date: Friday August 31 1987

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EDITORIAL SYNOPSIS

The Financial Times proposes to publish this survey on the above date. The provisional editorial synopsis is set out below, and is not a press release. Therefore, should it be used as one. The office equipment market, worldwide, is now worth more than £200bn a year, with most companies in the sector reporting higher order books. This growth reflects not only the increasing number of office workers in Europe (around 5m) and the US (11m), but also the surge in the equipment in the last decade.

Among suppliers in most sectors, the competition is intensifying—not only leading automated equipment areas but in the more "traditional" sectors such as photocopiers, typewriters, stationery and office furniture.

1. INTRODUCTION
For office managers, the task of equipment selection is becoming ever more complex with the change in office practices, the need for training and back-up services and the demand for integrating operations as the technology of business communications and computers converges.

2. OTHER ARTICLES
Other articles in this survey will examine developments in key equipment sectors including:
(a) Electronic typewriters.
(b) Word processing equipment.
(c) Communications and telephone equipment.
(d) Electronic mail and new ways of sending text.
(e) Facsimile development.
(f) Dictation equipment: answering machines.
(g) Meeting systems: addressing, weighing and franking machines.

3. THE WORK PLACE
(a) New ways to co-ordinate the office with computer-related furniture systems: not at desks but in the office; linking the systems; the quest for flexibility in the office environment; cable management options and servicing solutions.
(b) Systems in purchasing new equipment: the cost factors—buy, lease or rent? The role of outside consultants for office planning and for services such as printing, computing and mailing.

Information on advertising can be obtained from Elizabeth Simmonds, telephone number 01-288 8000, extension 4540, or your usual Financial Times representative.

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GOLD FIELDS GROUP VOGELSTRUISBULT METAL HOLDINGS LTD.

(Incorporated in the Republic of South Africa)
(Registration No. 05/04246/06)

INTERIM REPORT			
CONSOLIDATED INCOME STATEMENT	*Six months ended 30 June 1987	*Six months ended 30 June 1986	Year ended 31 Dec 1986
REVENUE	R000 2,413	R000 2,874	R000 7,164
Income from investments	774	637	2,364
Sundry	3,187	3,773	9,230
EXPENDITURE AND AMOUNTS WRITTEN OFF			
Administration and general	176	162	361
Amounts written off	—	—	962
PROFIT BEFORE TAX	3,011	3,611	7,967
Tax	277	363	—
PROFIT AFTER TAX	2,734	3,248	7,967
*Unaudited			
Earnings per share—cents	15	18	43
Dividends—per share—cents	1,227	1,839	3,510
—absorbing—R000	1.5	1.8	1.4
—times covered	—	—	—
*At 30 June 1987			
CONSOLIDATED BALANCE SHEET	30 June 1987	30 June 1986	31 Dec 1986
Investments	R000 31,353	R000 24,854	R000 25,470
Loans advanced	1,709	6,043	6,697
Net current assets	3,886	8,282	10,463
Current assets	2,177	2,239	3,766
Less current liabilities	33,642	31,127	32,167
Share Capital	9,448	9,448	9,448
Reserves	23,614	21,679	22,719
	33,642	31,127	32,167
*Unaudited			
INVESTMENTS			
Listed—market value	61,577	49,124	49,728
—Excess over book value	38,231	32,388	33,553
—Book value	23,286	16,736	16,173
Unlisted—book value	8,067	7,848	9,317
Number of shares in issue	18,393,600	18,393,600	18,393,600
Net assets (as valued) per share—cents	542	525	516

NOTES

1. Dividend—The final dividend No. 80 of 20 cents per share in respect of the year ended 31 December 1986, absorbing R3,576,720 was declared on 14 January 1987 and paid on 4 March 1987.

2. Prospects—Earnings for the year should not be significantly lower than those for 1986. The dividend should therefore be maintained.

DECLARATION OF INTERIM DIVIDEND

Dividend No. 81 of 10 cents per share has been declared in South African currency, payable to members registered at the close of business on 28 August 1987. Warrants payable on 30 September 1987 will be posted on or about 29 September 1987.

Standard conditions relating to the payment of dividends are obtainable from the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the Company on or before 28 August 1987 in accordance with the above-mentioned conditions.

The register of members will be closed from 29 August to 4 September 1987, inclusive.

Registered and Head Office: On behalf of the Board
Gold Fields Building,
75 Fox Street,
Johannesburg, 2001.
Chairman
M. R. Fuller-Good
Directors
B. R. van Rooyen
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL
11 August 1987

GOLD FIELDS GROUP NEW WITS LIMITED

(Incorporated in the Republic of South Africa)
(Registration No. 05/04822/06)

PRELIMINARY ANNOUNCEMENT OF RESULTS			
	Year ended 30 June 1987	Year ended 30 June 1986	Year ended 30 June 1985
REVENUE	R000	R000	
Income from investments	16,916	15,836	
Surplus on realisation of investments	3,203	59	
Interest and sundry	245	629	
EXPENDITURE AND WRITE OFF	20,344	16,524	
Exploration	2,229	1,220	
Admin/interest	1,338	222	
Written off	731	633	
Interest paid	160	365	
PROFIT BEFORE TAX	18,135	15,304	
Tax	8	24	
PROFIT AFTER TAX	18,127	15,280	
Minority shareholders' interest	214	246	
PROFIT ATTRIBUTABLE TO MEMBERS	17,912	15,034	
Unappropriated profit, brought forward	57	56	
Less:	17,970	15,090	
Dividends declared	17,946	15,033	
Interim 30.0c (30.0c)	10,397	9,242	
Final 60.0c (50.0c)	3,466	3,466	
Transfer to reserves	4,931	5,776	
Unappropriated profit, carried forward	7,449	5,791	
Earnings per share—cents	124	57	
Dividends—per share—cents	155	130	
Times dividends covered	90	80	
Net assets (as valued) per share—cents	1.7	1.6	
ANNUAL REPORT	3,403	2,049	

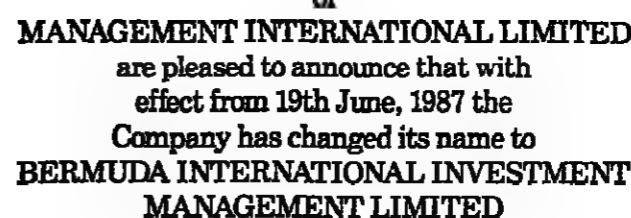
Evoke calls for £12m to fund acquisitions

The interest rate for this week's issue of local authority bonds is 10½ per cent, up ½ of a percentage point from last week, no rate was issued this time last year. The bonds are issued at par and are redeemable on August 17 1988. A full list of issues will be published in tomorrow's edition.

The Sterling purchase, which was nearing completion ahead of Evode's interim announcement in July, was delayed by a takeover attempt on its

The consideration for Commercial Ignition will be satisfied by the issue of 1.06m new ordinary shares of Evode and a cash payment of £700,000.

INTERIM RESULTS



COMMODITIES AND AGRICULTURE

Cocoa support remains in limbo

UNCERTAINTY ABOUT the status of the International Cocoa Organisation's buffer stock means buffer buying cannot resume, even though the 10-day average indicator price has fallen below the "must buy" level of 1,600 Special Drawing Rights (SDR) a tonne, organisation delegates said in London yesterday, reports Reuters.

The indicator slipped through the trigger level to SDR 1,597.98 on Monday and fell further to SDR 1,585.53 yesterday.

The organisation is not expected to take any immediate action, however, as its buffer stock manager will not re-enter the market without any clear mandate from the executive committee or council, the delegates said.

There are no plans yet to call an executive committee meeting to review the buffer stock's position in the light of the recent price slide. These issues can be raised at the annual council meeting, scheduled for September 2 to 11, officials in the organisation's secretariat said.

NO 16-8/87
The buffer stock was left in limbo after an emergency council session of the organisation last month failed to revise the price range which the buffer stock is intended to defend following the exhaustion of the manager's mandated initial purchasing limit of 75,000 tonnes.

The lack of a council decision means Mr Kobena Eryum, the executive director, must decide whether the buffer stock can re-enter the market. But he is expected to consult with producers and consumers before taking any action.

WEEKLY METALS

ALL PRICES as supplied by Metal Bulletin last week's prices in brackets.

ANTIMONY: European free market, 99.5 per cent, \$ per tonne, in warehouse, 2,130-2,170 (2,130-2,170).

BISMUTH: European free market, min 99.99 per cent, \$ per lb, in warehouse, 1,730-1,780 (1,730-1,780).

CADMIUM: European free market, min 99.99 per cent, \$ per lb, in warehouse, 1,730-1,780 (1,730-1,780).

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 640-680 (640-680).

REBURN: European free market, min 99.99 per cent, \$ per lb, in warehouse, 253-268 (257-247).

SELENIUM: European free market, min 99.99 per cent, \$ per lb, in warehouse, 640-680 (640-680).

TUNGSTEN ORE: European free market, standard min 65 per cent, \$ per tonne unit WO₃, 42-47 (48-57).

VANADIUM: European free market, min 99.99 per cent, \$ per lb, in warehouse, 1,730-1,780 (1,730-1,780).

URANIUM: Nuxeo exchange value, \$ per lb U₃O₈, 18.90 (same).

Brazilian coffee crop 'damaged by frost'

WEEKEND FROST in coffee-growing regions of Brazil caused some damage to next year's crop, according to Mr Jozia Dauster, president of the Brazilian Coffee Institute (IBC), reports Reuters from Sao Paulo. But he said it was too early to say how severe the damage was.

"We do not have an estimate yet," he said. "In 10 to 15 days we may have something. At this stage it is very difficult to assess the damage. It is quite clear that some damage was done."

An estimate by Mr Oripes IBC's preliminary estimate of next year's crop, based on the idea of biennial cycles, was between 20m and 25m bags.

Traders said, however, that while they accepted that coffee was a cyclical product, Brazilian output was on an upward trend because of the large expansion of plantations in recent years. Next year young trees would be

increasing their production or producing for the first time, they pointed out.

One said the crop should be well above the range forecast by the IBC.

In London the frost reports produced only a slight rise in Robusta coffee futures prices. The November position was lifted briefly to \$1,300 a tonne but then came back to close \$7 down on the day at \$1,290.50 a tonne.

Dealers agreed with Mr Dauster that it was far too early to assess the damage and added that the likelihood was that the damage would not prove serious enough to alter the basically bearish market fundamentals ruling at present.

Even if Mr Gomes's estimate of a 1.15m bag loss was correct, it still only represented a small amount out of this year's projected crop of more than 30m bags, they said.

Change in EC system may boost UK wheat exports

BY BRIDGET BLOOM

ARRANGEMENTS WHICH are expected to boost British wheat exports to third countries have been agreed in Brussels by the cereal management committee of the European Community.

Measures, which should shortly be the subject of a formal regulation for enforcement in the forthcoming season, will involve the establishment of a single tender for common wheat. This will replace the system of separate tenders for bread-making and for feed quality wheat which has been in operation since last December.

British ministers see the acceptance of the new single tender as a notable plus for the UK, which last year exported some 2.5m tonnes of so-called feed quality wheat to third countries.

It had been felt that the establishment of separate tenders last December unduly favoured French wheat exports which are primarily of bread-making quality.

Given the high domestic price of wheat in the EC, exporters can only take place with the aid of substantial export subsidies. The level of these is determined by a complex system of tendering.

While domestically the Community distinguishes between feed and bread-making quality wheat, the latter fetching a higher intervention price—until last December there was no such distinction in export markets.

British exporters have argued that separate tenders unfairly discriminate against British wheat exports. They have maintained that separate tenders could enable the Commission to administer export refunds so as to give preference to exporters of breadmaking wheat.

Yesterday the British Grain and Feed Trade Association welcomed the Community's decision to return to the single tender system, which is held to give exporters much greater flexibility. GFTA said that, ever, that since the decision would come up for review later in the year, it was too early to count it a victory for British exporters.

It is understood that the single tender system was one of the subjects discussed between Mr John MacGregor, the new British Minister of Agriculture, and Mr Frans Andriessen, the EC Commissioner for Agriculture, at a meeting in London late last month.

Study suggests cheaper US farm policy

THE US could save taxpayers billions of dollars and raise the value of agricultural exports without measurably reducing farmers' incomes if it adjusted crop programmes or reached a multilateral accord to cut global production, according to a new economic study reports Reuters from Washington.

The analysis, by the Food and Agricultural Policy Research Institute, concluded that by curbing the use of generic (payment-in-kind) certificates and raising the acreage reduction requirement for maize, the Government could cut \$2.5bn a year from federal farm spending, estimated at \$28bn in 1987.

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NZ butter industry seeks UK support

BY BRIDGET BLOOM

THE LATEST offensive in New Zealand's continuing battle to maintain its share of the UK butter market was launched in London yesterday when the New Zealand Dairy Board announced a new advertising campaign aimed at enticing the support of British farmers.

The board will try to convince farmers, and through them farmers' organisations and politicians, that the 74,000 tonnes of butter New Zealand is allowed to sell in Britain under special arrangements with the European Community is not a threat to British dairy farmers.

Advertisements in the UK farming press will attempt to counter "the vocal, rising and sometimes ill-informed criticism" among British farmers that the New Zealand sales diminish the quotas which the EC now imposes on milk production.

According to Mr Alan Pollock, London director of the Board, the presence of Anchor butter on the UK market has not affected British quotas "by one litre." Instead of criticising, British dairy farmers should instead join forces with New Zealand in its fight to

prevent a further decline in butter sales.

The overall market for butter, decreased by 16 per cent in the UK last year, Mr Pollock said, while margins rose by a similar amount.

New Zealand first concluded an agreement to sell butter to the UK in 1973, when Britain joined the Community. The original agreement provided for sales of 170,000 tonnes, though the current agreement, which expires next year, allows exports of only 74,000 tonnes. Negotiations for a new agreement are expected to begin in August 1988.

Self-help in the Caribbean

BY CANUTE JAMES IN KINGSTON

THE COUNTRIES of the Commonwealth Caribbean are contemplating several programmes to increase food production in the hope of becoming net exporters rather than importers.

The problems they face have little to do with the availability of natural resources for improving agricultural output. They are more the result of long-standing structural problems in the sector.

The 13 countries which are members of the Caribbean Economic Community last year spent US\$1bn importing food and other agricultural products, \$40m more than they spent in 1985. The group's agricultural exports earned \$500m.

"These figures are, in my view, scandalous," comments Mr William Demas, president of the Caribbean Development Bank. "Most of the countries of the region have large amounts of unused and under-utilised land in the hands of both the public and the private sectors, co-existing with large volumes of unutilised manpower."

Several countries in the region have a long history in the production of commodities such as sugar and bananas for export, and all have significant numbers of small farmers. They are consequently facing problems in developing extensive production of different, non-traditional crops both for export and for replacing imports.

"The Caribbean Community has agreed to increase the tariffs on several products, including beef, which are being imported from outside the region, but which can be supplied in substantial quantities by some members," reports Mr Hayden Blades, the Community's director of trade.

Mr Demas argues that the group of countries, which has a combined population of 5m,

can use the "judicious restriction" of many imported goods, such as fruits, vegetables, animal feedstuffs, while making efforts to increase production of local and regional substitutes.

"This will not be easy, however," he adds.

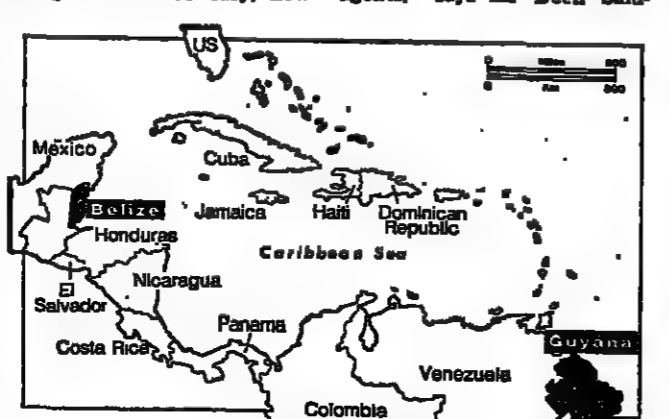
Within the Caribbean, there is a very influential food import lobby, the commercial agents," says Mr Deen Said.

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LONDON MARKETS

COPPER PRICES finished within a few pounds of last week's peaks on the London Metal Exchange yesterday, despite retreating from early highs.

In the morning the market continued to reflect New York's strengthened further upward impetus was provided by fairly brisk demand from Japan.

There was also fresh European buying and covering prompted by increasing concern about the Gulf situation, traders said. These factors combined to lift the three months position to \$1,125 a tonne at one stage but in the afternoon as sterling picked up, there was general profit taking and the three months price ended only \$7.75 up on the day at \$1,118.25 a tonne.

The cash position closed at \$1,136.50 a tonne, adding \$7.50 to Monday's \$116.25 advance. The nickel market also maintained its recent strength, with the cash position gaining another \$15 at \$3,385 a tonne.

Dealers said covering purchases and fresh buying were still being encouraged by a very tight supply situation, although the cash premium remained at a premium to the three months.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

90.7% Unofficial + or - High/Low
purity (close m.m.) 2 per tonne

Cash 3 months 1,710.00 +1.00
Official closing (m.m.) Cash 1,710.00, three months 1,710.00 (1,687.00), settlement (1,710.00). Final Ring Turnover 1,710.00.

99.95% 2 per tonne
purity (close m.m.)

Cash 3 months 1,168.75 +0.75
Official closing (m.m.) Cash 1,168.75, three months 1,168.75 (1,168.75), settlement (1,168.75). Final Ring Turnover 1,168.75.

COPPER

Grade A Unofficial + or - High/Low
2 per tonne

Cash 3 months 1,118.75 +0.75
Official closing (m.m.) Cash 1,118.75, three months 1,118.75 (1,118.75), settlement (1,118.75). Final Ring Turnover 1,118.75.

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INDICES

REUTERS
Aug 11, Aug 10, 10th Sep Year
1647.9 1681.0 1690.0 1698.7
(Base: September 1981=100)

DOW JONES
Dow Jones 128.10 128.10 = 128.00
S&P 128.00 128.00 = 128.00
(Base: December 1931=100)

MAIN PRICE CHANGES

Aug 11 + or - Month
1987 = 1986

METALS
Aluminium 1,118.25 +0.75 1,118.25
Copper 1,118.25 +0.75 1,118.25
Gold 1,118.25 +0.75 1,118.25

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CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound higher

THE DOLLAR maintained its recent strength on the foreign exchange market, without any sign of intervention by the US Federal Reserve or West German Bundesbank.

Recent central bank intervention to limit the dollar's rise has been modest, prompting comments that an early rise to DM 1.90 is likely.

Fears that the US will be sucked into the Gulf war, following recent news that a US Navy jet fired at an Iranian aircraft at the weekend, and that a US-owned tanker hit a mine in the previously regarded safe sea of Oman, continued to underpin the dollar.

The next major test for the US currency is likely to be on Friday, when several economic statistics are released, including the June US trade figures.

A factor helping to keep the dollar firm at present is the expectation of an improvement over the May deficit of \$14.4bn, with most forecasters looking for a figure of around \$13bn.

The dollar rose to DM 1.8975 from DM 1.8955, to FF 9.9350 from FF 9.9275, to SF 2.4750 from SF 2.4650, and to Y238.25 from Y238.75.

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On Bank of England figures the dollar index was unchanged at 105.1.

STERLING—Trading range against the dollar in 1987 is 1.6855 to 1.7100. July average 1.6996. Exchange rate index rose 0.3 to 72.2, compared with 68.5 a year earlier.

Sterling had a rather volatile day, but finished firm, following a reaction to the trade and balance of payments deficit.

The pound was helped in early trading by Monday's better than expected producer price index, pushing sterling up to \$1.9715 and DM 2.9725. The confident mood continued, until immediate reaction to the June UK trade figures was disappointing. The pound was as high as \$1.9735 in the morning, but fell back to \$1.9655 on news of a \$760m trade and \$162m current account deficit, even though this was in line with most forecasts.

Sterling also fell from DM 2.9775 to DM 2.9675 on the figures. The recovery followed relief in London's financial markets that the trade figures were a considerable improvement over May's and the pound improved to close 1/4 cent higher at \$1.9695-1.9705. It also rose to DM 2.968 from DM 2.9675, to FF 9.9350 from FF 9.9275, to SF 2.4750 from SF 2.4650, and to Y238.25 from Y238.75.

The D-Mark closed unchanged against the dollar in Frankfurt yesterday, after a fall from FF 9.9275 to FF 9.9350. The exchange rate index 145.4 against 145.6 six months ago.

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FINANCIAL FUTURES

Gilts finish on firmer note

LONG TERM gilts finished firmer after reacting with confusion to the June UK trade figures. The contract fell on the figures, when a trade of 115 was reported at 115, sending the market lower, until the mistake was detected and trades below 115-05 were discontinued.

September gilts recovered to finish over 1 point higher on the day. After opening firm at 115-07 the contract rose to a high of 116-30, but then fell sharply to 115-05 on news of a trade deficit of \$760m, and a current account deficit of \$162m, even though this was in line with the general level of City forecasts.

The contract improved again in the afternoon, to a high of 116-31, before closing at 116-35, compared with 115-05 previously.

US Treasury bond futures also finished firmer on the day, but traded quietly, ahead of the US Treasury's quarterly refunding auctions, amid fears that Japanese demand at tomorrow's 30-year bond auction will not be strong. US credit markets were also subdued overnight, with a fall in oil prices considered insufficient to offset other factors causing higher inflation.

September bonds opened at 89-05, the day's low and rose to a peak of 89-22, before finishing at 89-18, against 89-07 on Monday.

Japanese Government bonds weakened after another depressed day in Tokyo. The Japanese Finance Ministry attempted another support operation for the bond market, buying about ¥20bn of 10-year bonds, but the market failed to respond, with dealers commenting there was a reluctance to trade ahead of US and Japanese Government bond auctions.

On Life September bonds fell to 104-80 from 103-98. We regret that some tables below have not been updated for this edition.

Strike	Call	Put	Call	Put
112	5.00	5.00	5.00	5.00
113	4.50	4.50	4.50	4.50
114	4.00	4.00	4.00	4.00
115	3.50	3.50	3.50	3.50
116	3.00	3.00	3.00	3.00
117	2.50	2.50	2.50	2.50
118	2.00	2.00	2.00	2.00
119	1.50	1.50	1.50	1.50
120	1.00	1.00	1.00	1.00
121	0.50	0.50	0.50	0.50
122	0.00	0.00	0.00	0.00
123	0.00	0.00	0.00	0.00
124	0.00	0.00	0.00	0.00
125	0.00	0.00	0.00	0.00
126	0.00	0.00	0.00	0.00
127	0.00	0.00	0.00	0.00
128	0.00	0.00	0.00	0.00
129	0.00	0.00	0.00	0.00
130	0.00	0.00	0.00	0.00
131	0.00	0.00	0.00	0.00
132	0.00	0.00	0.00	0.00
133	0.00	0.00	0.00	0.00
134	0.00	0.00	0.00	0.00
135	0.00	0.00	0.00	0.00
136	0.00	0.00	0.00	0.00
137	0.00	0.00	0.00	0.00
138	0.00	0.00	0.00	0.00
139	0.00	0.00	0.00	0.00
140	0.00	0.00	0.00	0.00
141	0.00	0.00	0.00	0.00
142	0.00	0.00	0.00	0.00
143	0.00	0.00	0.00	0.00
144	0.00	0.00	0.00	0.00
145	0.00	0.00	0.00	0.00
146	0.00	0.00	0.00	0.00
147	0.00	0.00	0.00	0.00
148	0.00	0.00	0.00	0.00
149	0.00	0.00	0.00	0.00
150	0.00	0.00	0.00	0.00
151	0.00	0.00	0.00	0.00
152	0.00	0.00	0.00	0.00
153	0.00	0.00	0.00	0.00
154	0.00	0.00	0.00	0.00
155	0.00	0.00	0.00	0.00
156	0.00	0.00	0.00	0.00
157	0.00	0.00	0.00	0.00
158	0.00	0.00	0.00	0.00
159	0.00	0.00	0.00	0.00
160	0.00	0.00	0.00	0.00
161	0.00	0.00	0.00	0.00
162	0.00	0.00	0.00	0.00
163	0.00	0.00	0.00	0.00
164	0.00	0.00	0.00	0.00
165	0.00	0.00	0.00	0.00
166	0.00	0.00	0.00	0.00
167	0.00	0.00	0.00	0.00
168	0.00	0.00	0.00	0.00
169	0.00	0.00	0.00	0.00
170	0.00	0.00	0.00	0.00
171	0.00	0.00	0.00	0.00
172	0.00	0.00	0.00	0.00
173	0.00	0.00	0.00	0.00
174	0.00	0.00	0.00	0.00
175	0.00	0.00	0.00	0.00
176	0.00	0.00	0.00	0.00
177	0.00	0.00	0.00	0.00
178	0.00	0.00	0.00	0.00
179	0.00	0.00	0.00	0.00
180	0.00	0.00	0.00	0.00
181	0.00	0.00	0.00	0.00
182	0.00	0.00	0.00	0.00
183	0.00	0.00	0.00	0.00
184	0.00	0.00	0.00	0.00
185	0.00	0.00	0.00	0.00
186	0.00	0.00	0.00	0.00
187	0.00	0.00	0.00	0.00
188	0.00	0.00	0.00	0.00
189	0.00	0.00	0.00	0.00
190	0.00	0.00	0.00	0.00
191	0.00	0.00	0.00	0.00
192	0.00	0.00	0.00	0.00
193	0.00	0.00	0.00	0.00
194	0.00	0.00	0.00	0.00
195	0.00	0.00	0.00	0.00
196	0.00	0.00	0.00	0.00
197	0.00	0.00	0.00	0.00
198	0.00	0.00	0.00	0.00
199	0.00	0.00	0.00	0.00
200	0.00	0.00	0.00	0.00

LIFE US TREASURY BOND FUTURES OPTIONS				
Strike	Call—Last		Put—Last	
Price	Sept	Dec	Sept	Dec
82	7.14	6.46	0.80	0.90
84	5.15	5.08	0.61	0.56
86	3.22	3.48	0.60	1.12
88	1.42	2.40	0.28	2.24
90	0.34	1.37	1.20	3.21
92	0.09	0.61	2.99	4.45
94	0.03	0.35	4.51	6.19
96	0.00	0.19	6.50	8.08
Implied volatility: actual, Call: 20; Put: 30				

هكذا من الأصل

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[illegible]

Financial Times Wednesday August 12 1987

هكذا من الأصل

LONDON SHARE SERVICE

[illegible]

FUND FUNDS—Contd.					FOREIGN BONDS & RAILS								
Stock	Price	% ch	Int.	Yield	High	Low	Stock	Price	% ch	Div	Yield	Int.	Yield
Index-Linked													
(A)	(B)	(C)	(D)	(E)									
100 (27.1)	133.1	+1.1	2.70		52	42	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		53	43	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		54	44	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		55	45	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		56	46	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		57	47	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		58	48	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		59	49	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		60	50	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		61	51	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		62	52	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		63	53	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		64	54	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		65	55	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		66	56	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		67	57	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		68	58	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		69	59	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		70	60	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		71	61	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		72	62	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		73	63	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		74	64	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		75	65	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		76	66	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		77	67	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		78	68	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		79	69	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		80	70	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		81	71	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		82	72	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		83	73	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		84	74	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		85	75	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		86	76	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		87	77	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		88	78	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		89	79	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		90	80	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		91	81	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		92	82	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		93	83	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		94	84	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		95	85	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		96	86	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		97	87	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		98	88	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		99	89	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		100	90	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		101	91	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		102	92	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		103	93	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		104	94	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		105	95	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		106	96	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		107	97	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		108	98	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		109	99	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		110	100	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		111	101	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		112	102	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		113	103	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		114	104	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		115	105	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		116	106	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		117	107	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		118	108	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		119	109	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		120	110	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		121	111	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		122	112	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		123	113	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		124	114	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		125	115	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		126	116	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		127	117	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		128	118	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		129	119	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		130	120	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		131	121	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		132	122	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		133	123	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		134	124	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		135	125	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		136	126	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		137	127	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		138	128	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		139	129	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		140	130	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		141	131	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		142	132	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		143	133	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		144	134	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.1	2.70		145	135	Stock Tpc 100	33.0	1.50	16.00	10.00	10.00	
100 (27.1)	133.1	+1.											

INDUSTRIALS—Continued

23	76.0
20	—
08	—
—	—
13	36.3
15	—
12	—
23	23.7
26	14.0
24	18.7
26	24.7
20	20.0
18	43.7
46	5.6
3.7	13.4
05	97.8
18	21.3
18	0
29	13.4
24	19.4
5.6	—
—	—
21	0

43	Wire Mesh	255	+2	5.75	3.0
180	Metal Box	203	+2	16.17	0.9
141	Metal Closures	118	+3	2.6	2.2

—	—
2.16	—
30.9	—
20.2	—
—	19.2
—	φ
34.0	—
66.9	—
—	64.8
20.2	—
—	φ
21.5	—
26.5	—
15.0	—
23.8	—
—	—
—	—
—	—
2.7	23.8
—	—
—	25.5
2.4	82.2
1.7	—
2.6	15.1
1.2	φ
1.2	74.9
1.1	16.7
—	24.7
12.8	—
2.1	20.8
—	—
0.2	16.4
0.5	20.3
3.1	13.4
—	—
1.1	—
3.0	53.1
—	76.8

170	♂ Puffin fr.	186	...	334	•
113	♂ Phoebe Hdg. Sp.	250	-5	R3.D	2.4
23	Potomac 10a	42	+3	8	-

2.9	1.6
3.9	1.7
1.4	1.6
3.5	1.9
2.3	2.2
0.9	1.3
2.6	2.4
1.7	1.1
2.1	1.9
0.8	2.7
2.2	2.6
1.1	1.4
1.1	—
0.8	2.3
1.9	2.7
3.4	2.6
2.9	2.0
2.4	—
0.7	5.1
0.7	1.7
3.3	1.4
3.0	3.0
2.6	2.8
1.3	1.3
0.5	0.5
0.5	1.7
1.0	3.3
1.2	4.3
—	—
2.1	2.1
7.2	7.2
2.1	1.6
1.7	1.8
0.2	1.0
0.3	1.1
2.2	2.2
2.2	2.2
1.3	1.3
1.3	1.3
1.3	1.3
3.3	2.7
0.3	0.7
3.3	3.3
1.4	1.4
0.6	3.7
4.3	4.3
4.3	4.3

180	Sater Sp	276	13.5	3.2
127	Wire Pas A 60c	203	1.9	

4.0	15.9
—	—
1.1	24.7
1.2	30.8
4.3	28.7
0.9	24.7
1.6	20.5
—	—
2.2	—
4.5	13.1
1.6	20.6
1.5	—
5.2	—
3.5	10.8
3.5	16.7
4.8	07.1
3.8	15.8
—	—
1.3	27.5
0.6	—
3.8	01.3
1.7	25.6
1.0	28.3
2.0	19.4
2.1	18.9
2.6	17.7
—	—
2.2	15.6
—	—
2.3	18.2
2.3	20.0
1.5	25.8

175	Warner Howard Groom 5	178	R2.66	2.7
E221	Oy Wartsola AB FM40	E33	Q13	8.4
n2	Waterford Glass 5c	119	96.2	2.0

Gr's	Yr's	Pr
3.8	22	—
3.6	15	—
0.1	19	—
2.4	—	80
8.4	—	—
4.0	25	—
1.4	17	—
1.1	27	—
5.0	—	27
—	—	38
3.5	—	—
0.3	—	—
3.2	—	—
6.8	—	—
4.3	—	18
4.3	—	16
3.2	—	—
3.2	—	13
3.5	—	22
3.5	—	13
3.3	—	14
4.4	—	—

22	278	Yale & Volor	371	+19	5.77	4.3
32	109	Young (H.)	162	+1	13.6	2.8

Year	Gr's	Pr
38	—	—
36	—	—
11.8	80	—
24	—	—
8.4	—	—
40	15	—
1.4	27	—
41	—	—
1.3	—	—
50	—	—
—	—	—
35	—	—
0.3	—	—
3.2	—	—
4.6	—	—
6.8	14	—
43	14	—
41	—	—
3.2	—	—
32	—	—
35	15	—
35	22	—
33	14	—
4.4	—	—

هكذا من الأصل

Warrant, (Exercisable at 50¢ into 1 Ord.)

CANADA

CANADA

Sales Stock					Sales Stock					Sales Stock					Sales Stock				
High	Low	Close	Chng		High	Low	Close	Chng		High	Low	Close	Chng		High	Low	Close	Chng	
TORONTO																			
Closing prices August 11																			
12987 AMBA Int	412 1/2	129 1/2	-1/4		13300 Computrol	82 1/4	21 1/4	-		32180 Lundberg A	82 1/4	21 1/4	-		2680 Sil Comm A	229 1/2	29 1/2	-	
12982 AMBA Int	412 1/2	129 1/2	-1/4		78600 Compul Int	315	305	319	-	439376 Lehigh B I	82 1/4	20 1/2	-		8524 Scot Paper	280	19 1/2	30	-
12982 AMBA Int	412 1/2	129 1/2	-1/4		11000 Conterm	80	80	-		12000 High Int	82 1/4	20 1/2	-		17100 Scot Corp	213 1/2	17 1/2	-	
12982 AMBA Int	412 1/2	129 1/2	-1/4		11000 COTAB B I	480	466	475	-	43500 Loblaw Co	816 1/4	105 1/4	-		73015 Seagrass	9108	108	-	
12982 AMBA Int	412 1/2	129 1/2	-1/4		51170 COTAB B I	327	325	325	-	12000 MGA	816 1/4	105 1/4	-		62000 Seagrass	213 1/2	17 1/2	-	
12982 AMBA Int	412 1/2	129 1/2	-1/4		13000 COTAB B I	327	325	325	-	43500 MGA	816 1/4	105 1/4	-		62000 Seagrass	213 1/2	17 1/2	-	
12982 AMBA Int	412 1/2	129 1/2	-1/4		2010 COTAB B I	315 1/4	114 1/4	-		43500 MGA	816 1/4	105 1/4	-		62000 Seagrass	213 1/2	17 1/2	-	
12982 AMBA Int	412 1/2	129 1/2	-1/4		3000 COTAB B I	315 1/4	114 1/4	-		43500 MGA	816 1/4	105 1/4	-		62000 Seagrass	213 1/2	17 1/2	-	
12982 AMBA Int	412 1/2	129 1/2	-1/4		11000 COTAB B I	315 1/4	114 1/4	-		43500 MGA	816 1/4	105 1/4	-		62000 Seagrass	213 1/2	17 1/2	-	
12982 AMBA Int	412 1/2	129 1/2	-1/4		17400 COTAB B I	315 1/4	114 1/4	-		43500 MGA	816 1/4	105 1/4	-		62000 Seagrass	213 1/2	17 1/2	-	
12982 AMBA Int	412 1/2	129 1/2	-1/4		17400 COTAB B I	315 1/4	114 1/4	-		43500 MGA	816 1/4	105 1/4	-		62000 Seagrass	213 1/2	17 1/2	-	
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12982 AMBA Int	412 1/2	129 1/2	-1/4		17400 COTAB B I	315 1/4	114 1/4	-		43500 MGA	816 1/4	105 1/4	-						

		Unchanged		480	283	398
TORONTO						
		August 11	August 10	August 7	August 6	1987
						High
						Low
Metals & Metals		3,462.2	3,380.5	3,354.4	3,383.8	3,463.8 (11/17)
Copper		4,104.2	4,077.5	4,038.1	4,033.8	4,067.58 (11/17)
						3,566.2 (21/18)
3-Month T-Bill		2,851.22	2,851.48	2,828.8	2,833.98	2,224.77 (11/17)
						1,534.3 (21/18)
MINERAL PRICES						
Indicative pre-bid figures						
NYSE-Consolidated 1500 Actives						
	Stocks	Change	Stocks	Change	Stocks	Change
	Prices	on Day	Prices	on Day	Prices	on Day
AT&T	3,960	+ 1/4	Amgen	2,655	28 1/2	+ 1/4
Boeing	2,530	+ 3/8	Eastman Kodak	1,858	70 1/2	+ 3/4
General	2,225	+ 1/4	McGraw-Hill	1,459	312 1/2	+ 1/4
IBM	2,150	+ 1/8	Merck	1,333	58 1/2	+ 1/4
Intel	1,140	+ 1/4	3M	1,353	58 1/2	+ 1/4
LONDON - Most Active Stocks Tuesday, August 11, 1987						
	Stocks	Change	Stocks	Change	Stocks	Change
	Prices	on Day	Prices	on Day	Prices	on Day
British	187	+ 1/4	Mid. Spain	8.86	11 1/2	+ 4
Deutsche	270	+ 1 1/4	Alt. Egypt	8.86	41 1/2	+ 2
Edinburgh	214	+ 1/4	Ed. Egypt	8.26	12 1/2	+ 1/2
Eni	11.00	- 1/4	Ed. Norway	7.26	21 1/2	- 1
Eni & Spain	6.16	+ 1/4	Ed. Spain	7.26	17 1/2	- 1
Chief price changes (in pence unless otherwise indicated)						
LONDON						
RISES:						
Barclays	12p 1999-02	111 1/4	+ 1/2	Cluff Ltd.	132	+ 8
BOC	519	+ 2 1/2	Comm Union	350	+ 13	
BL Arrow	175	+ 13	Dalgety	366	+ 14	
BL Credit	498	+ 27	Glen Accident	1,014	+ 14	
Brook St.	70	+ 11	Hawker Sidd	576	+ 12	
			Hestair	350	+ 23	
FALLS:						
BP	368 1/2	- 7 1/2				
TOKYO - Most Active Stocks Tuesday, August 11, 1987						
	Stocks	Change	Stocks	Change	Stocks	Change
	Prices	on Day	Prices	on Day	Prices	on Day
Nissan	274	+ 1	Mitsui Bussan	132.86	82 1/2	+ 1
Honda	336	+ 1	Sumitomo	130.91	118	+ 1
Toyota	336	+ 1	Sanwa	127.78	1,618	+ 1
Fujitsu	334	+ 1	Fujitsu	127.78	1,338	+ 1
Hitachi	334	+ 1	Hitachi	113.16	1,140	+ 1
Hill Sam						
Jaguar	579	+ 13	Racal Elec	285	+ 13	
Dalgety	366	+ 14	Rainers	344	+ 18	
Land Secs	551	+ 14	Regentcrest	203	+ 38	
Legal & Gen	325	+ 10	Reuters B	895	+ 43	
Lex Service	456	+ 27	Satchell & Saat	679	+ 48	
Lorin Elex	254	+ 25	Unigate	339	+ 17	
Lucas Inds	723	+ 19				
MEPC	530	+ 22				
NatWest Bnk	726	+ 28				
Chief price changes (in pence unless otherwise indicated)						
LONDON						
RISES:						
Barclays	12p 1999-02	111 1/4	+ 1/2	Cluff Ltd.	132	+ 8
BOC	519	+ 2 1/2	Comm Union	350	+ 13	
BL Arrow	175	+ 13	Dalgety	366	+ 14	
BL Credit	498	+ 27	Glen Accident	1,014	+ 14	
Brook St.	70	+ 11	Hawker Sidd	576	+ 12	
			Hestair	350	+ 23	
FALLS:						
BP	368 1/2	- 7 1/2				

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 39

LAMEX COMPOSITE CLOSING PRICES

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Continued on Page 3

Continued on Page 3

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Anniversary cheer and stable dollar help lift Dow in hectic trading

WALL STREET

CONTINUING to celebrate its fifth anniversary a few days early, Wall Street's bull market staged a spectacular performance yesterday with prices soaring on near-record volume, writes Roderick Oram in New York.

The broad-based advance was underpinned by a stable dollar and firmer credit markets although bond trading was light and cautious ahead of the start of the Treasury's quarterly refunding.

Stock buying exploded at the opening bell as those investors who had sat sceptically on the sidelines while equities weathered some rough times recently piled back into the market out of fear of being left behind. Overseas orders were particularly evident in the generally indiscriminate buying. Virtually all sectors were winners.

The Dow Jones industrial average closed up 44.84 points at 2,880.48, its seventh best one-day gain and topping its previous record close set on Monday.

Broader market indices also set records although secondary and tertiary stocks did less well than blue chips. The Standard & Poor's 500 added 5.30 to 333.30 and the New York and American Stock Exchange composite indices rose 2.58 to 188.13 and 1.15 to 383.89 respectively.

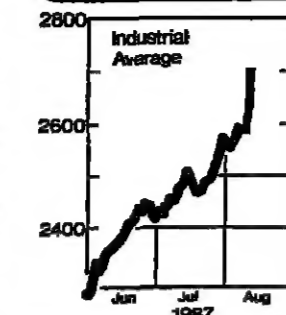
NYSE volume ballooned to 300.4m shares from 187.4m the previous day. It was the largest volume ever on a normal trading day, eclipsed only by the 302.4m shares traded on January 23, a Triple Witching Day subjected to once-a-quarter financial futures pressure.

Yesterday's hectic business overshadowed the modest 50.1m shares which marked the starting point of this bull market on August 12, 1982. The Dow industrials bottomed out that day at 778.92 as they launched into a 250 per cent, five-year run which to some observers appears to have no end in sight. Big buying spread in the first few days of the rally were around 100m shares.

Analysts were taken aback by yesterday's performance. Many were expecting a fall or at least indecisive swings in line with the market's typical pattern for sessions following big rises. On Monday the Dow industrials rose 43.84 points.

Investors seemed to have found good reasons to buy most stocks.

DOW JONES



Stable interest rates, for example, helped push up prices of interest rate stocks such as banks and insurance companies. Citicorp added 8 1/4% to \$57 1/4, Chase Manhattan rose 8 1/4% to \$44 1/4, J.P. Morgan rose 8 1/4% to \$52 1/4, Aetna added 8 1/4% to \$60 1/4, CIGNA advanced 8 1/4% to \$67 1/4 and Fireman's Fund rose 8 1/4% to \$38 1/4.

Wall Street firms were swept along on the wave of buying after languishing in recent months near 52-week lows. Salomon Inc. added 8 1/4% to \$39 1/4, Shearson Lehman rose 8 1/4% to \$29 1/4, Merrill Lynch advanced 8 1/4% to \$40 1/4 and E.F. Hutton was up 8 1/4% to \$43 1/4.

Technology stocks remained in the forefront of the advance. Among computer stocks, IBM rose 8 1/4% to \$169, Digital Equipment added 8 1/4% to \$180, Apple gained 8 1/4% to \$149 and Hewlett-Packard rose 8 1/4% to \$107 1/4.

Semiconductor makers were also well ahead. Motorola advanced 8 1/4% to \$65, Texas Instruments added 8 1/4% to \$89, National Semiconductor rose 8 1/4% to \$104 and Intel gained 8 1/4% to \$51 1/4.

Store groups were buoyant after Wal-Mart, up 8 1/4% to \$43, and The Limited, up 8 1/4% to \$31, reported second quarter profit growth of about 40 per cent. Among other retailers, Sears, Roebuck was ahead 8 1/4% to \$58 1/4 and J.C. Penney gained 8 1/4% to \$53 1/4 although Federated slipped 8 1/4% to \$53 1/4.

Drugs and chemicals also attracted considerable buying interest. Merck rose 8 1/4% to \$106 1/4, Squibb advanced 8 1/4% to \$94 1/4 and Smith-Kline Beecham put on 8 1/4% to \$72 1/4 while Du Pont was ahead 8 1/4% to \$127 1/4 and Dow advanced 8 1/4% to \$34 1/4.

Satellite & Seatchi and Interphase, two leading advertising agencies, added 8 1/4% to \$22 1/4 and 8 1/4% to \$2 to \$22 1/4 and \$2 to \$22 1/4.

SOUTH AFRICA

GOLD SHARES ended mixed to firmer in moderate Johannesburg trading as the miners' strike continued and the bullion price held steady. Selected mining stocks attracted buying from Europe during the afternoon but others met profit-taking.

Vaal Reef was down 8 1/4% at R467, above early lows, and Randfontein

was also off 8 1/4% at R480, while Klondike added 8 1/4% to R357 1/4.

De Beers moved 50 cents ahead to R52 1/2 but Impala Platinum was weaker, off 75 cents at R57. Mining financial Anglo American put on 8 1/4% to R90 1/4.

Industrialists saw a 50-cent rise for Barlow Rand to R27 1/2 and a 25-cent gain for Sasol to R15 1/2.

338 1/2% respectively following a buy recommendation from Drexel Burnham Lambert.

In the takeover arena, CNW, a Chicago-based railway holding company, rose 8 1/4% to \$23 1/4. Interest in the sector was spurred on Monday when an investor group with a 7.9 per cent stake in Kansas City Southern said it would not play a passive role. Yesterday Kansas Southern rose a further 8 1/4% to \$77 1/4.

Credit markets were subdued ahead of yesterday's auction of \$8.75bn of three-year Treasury notes, the first part of the Treasury's \$28bn August quarterly refunding.

Prices on existing securities were little changed with the benchmark 8 1/4% per cent Treasury long bond slipping 1/4% of a point to 97 1/4% by late afternoon to yield 8.95 per cent. Despite an increase in yields over the past few weeks which should help generate investor demand for the refunding's securities, dealers remained cautious. One negative factor is the widespread perception that inflation and hence interest rates will rise further later this year.

Analysis believed that Japanese investors might buy up to \$1bn of the three-year notes offered yesterday. Their interest in such short-maturity government paper is relatively new but the stability of the dollar against the yen has attracted the Japanese to the US currency and they retain a generally positive attitude towards dollar-denominated investments at the moment. The biggest test of Japanese sentiment will come as yields with the auction of 30-year bonds tomorrow.

Dealers are likely to bid cautiously at the auctions which were delayed a week while Congress raised the government's debt ceiling. Payment for the securities is still due on the original date of September 30 so dealers have less time than usual to sell the paper before paying for it.

CANADA

ACTIVE TRADING in gold and mining issues led stocks in Toronto higher by midsession. Energy and industrial issues moved upwards following their lead.

Continuing Middle East tension and the strike at South African mines drove investors to golds which rose across the board. Among the gold mining group, Campbell Red Lake was up 8 1/4% to C\$44, International Corona gained 8 1/4% to C\$45 and Lac Minerals was up 8 1/4% to C\$47 1/4. Noranda gained 8 1/4% to C\$50 1/4.

Other miners followed suit. Inco was up 8 1/4% to C\$28 1/4, Alcan added 8 1/4% to C\$34 1/4 and Falconbridge gained 8 1/4% to C\$32 1/4. On the active industrial list, Canadian Pacific, which reported healthy second-quarter profits, rose 8 1/4% to C\$28 1/4.

London rebounds on trade data

UK SECURITY markets yesterday celebrated the June current account deficit of £1.08bn (\$2.64bn), which was less than feared. Leading shares regained confidence and Government bonds also moved forward before retracing their step as a result of confusion in the gilt futures market.

Volume remained light as markets waited to see what the money supply banking statistics would bring tomorrow. Yesterday's economic news managed to inject enough enthusiasm to push the FTSE 100 index up 33.2 to close at 2,275.4, posting a two-day recovery of 49.2.

Blue chips responded almost immediately to the announcement. Hanson, the firm favourite in New York on Monday, was the most active with 38m shares changing hands and rose 6p to 187p. Overseas investors showed interest in Beecham which

gained 6p to 546p, Glaxo, up 4p at £17 1/4, Reuters, 43p ahead at 895p, and Saatchi & Saatchi, up 45p to 679p.

Longer-dated bonds notched up one point above overnight closing levels soon after the balance of payments data. The market was later thrown into confusion when an incorrect price for the long bond was fed into the Life electronic system. Before the situation was rectified deals were completed at extremely low levels.

Agency brokers reported good domestic retail interest which tended to fade as the day wore on. Market makers emphasised that the main business emanated from overseas sources, principally Japan. Longer-dated gilts closed with gains stretching to 1/2. Details, Page 36

Engineers soar after merger agreement

By Kevin Done in Stockholm

ASEA and BBC Brown Boveri share prices jumped dramatically yesterday in response to Monday's announcement that the two groups are planning to combine their electrical engineering operations in Europe's biggest cross-border merger.

Sweden's Asea showed the strongest rise with an increase of SKr6 in the A-restricted share price to SKr416, a rise of 18 per cent, while the B-free share price jumped by 15.5 per cent to close at SKr453.

The announcement of the Asea deal pulled the whole Stockholm market to a new all-time high with an increase of 1.1 per cent in the stock exchange general index and a rise of more than 5 per cent in the engineering sector index.

Trading volumes in Asea shares were unusually high with more than 200,000 shares traded in Stockholm compared with 50,000 on Friday. Trading was halted on Monday pending the announcement.

"The deal has been extremely well-received," said one share analyst in Stockholm. "The companies feel very well in terms of markets, production and technology."

Reactions were equally positive in the US, where the share price has climbed from \$80 to more than \$97 during the last two days.

The Brown Boveri share price has already recovered strongly this year, helped by the improvement in the Swiss market and optimistic profit forecasts from the company after the problems of recent years.

In Zurich the price jumped a further SFr 255 or 16.7 per cent to close yesterday at SFr 3,445. It has now more than doubled since the beginning of the year.

Positive reactions in the Swiss market were helped by the fact that the deal is a 50:50 merger rather than an acquisition by one side "which could have stirred up feelings against such a big company becoming foreign-owned," said one Swiss broker.

EUROPE

Milan sinks to new low amid run of records

A RECORD on Wall Street overnight and a rise in the dollar added fuel to the fire of bull markets in Europe yesterday but Milan reacted to domestic worries and dropped to a year's low. News of the merger between Asea and Brown Boveri had a considerable influence on engineering sectors.

Milan slid for the seventh consecutive session and the Milan Stock Index dropped 18 to a new 1987 low of 959. Heavy early losses and a sharp decline were trimmed by a spree of late buying.

Heavy selling pressure focused on blue chips. Fiat shed L426 to L10,800, Montedison was down L109 to L2,163 and Generali lost L4,300 to L122,800.

All sectors were weaker by the close. Fears of a devaluation of the lira and concern over interest rates continued their hold over the market.

Amsterdam climbed to a fifth consecutive peak with a 1.9 rise in the ANP-CBS index to 323.1. The market was buoyed by gains in banks and Unilever which offset profit-taking among other international firms.

Auro led banks upwards on news of better than expected earnings for the first half and added F1 1.80 to F1 96.70. ARN advanced F1 1.50 to F1 183.50 and NMB gained F1 2.30 to F1 171.30.

Airplane manufacturer Fokker continued a recent firmer trend, adding F1 3.90 to F1 59.80 but transport issue Nedlloyd slipped F1 1.50 to F1 183.50 on profit-taking.

Publisher Elsevier fell F1 3 to F1 87 after rapid gains fuelled by speculation of a possible takeover by British publisher Robert Maxwell.

Zurich moved higher with Brown Boveri leading gains across a wide front in heavy turnover. The firm dollar and the record showing on Wall Street played important secondary roles in pushing the market upwards. The Credit Suisse index rose 4.7 to a peak of 601.8.

Banks and financials were stronger. Union Bank bearers rose SFr50 to SFr157.15 and Swiss Bank bearers edged up SFr3 to SFr526. Swissair went against the trend, closing down SFr10 at SFr1,480.

Stockholm saw its largest single day gain since the market's latest rally began in May. Prices moved to record levels across a broad front in heavy volume.

The J&P index rose 17.7 to 2,990.5. The previous year's high was 2,957.30 set on August 7.

ASIA

Enthusiasm for large capitals boosts Nikkei

TOKYO

BUYING ENTHUSIASM gathered momentum in Tokyo yesterday, sending share prices moderately higher, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average gained 163.27 to 25,282.97 after rising as high as 25,356. Volume increased to 894m shares from Monday's 812m. Gains outpaced losses by 532 to 557, with 131 issues unchanged.

Wall Street's overnight advance to a record sparked strong buying interest centring on large-capital stocks, although the market lost its upward momentum briefly due to concern over renewed tension in the Gulf.

Steel shares performed strongly, bolstered by rising demand for steel. Asahi Steel topped the active list with 99.85m shares changing hands and rose Y9 to Y274. Mitsubishi Heavy Industries added Y0 to Y587, Sumitomo Metal Industries

THE WIDESPREAD strikes in Seoul took their toll on the Seoul stock market yesterday as worries over the labour unrest and profit-taking combined to pull the composite index down 5.97 to 471.97.

Turnover fell to 46m shares compared with 53m on Monday, when the index recovered 12.13 points. Manufacturing stocks were particularly badly hit, with cars, electronics and chemicals featuring prominently. Key vehicle manufacturers Hyundai, Daewoo and Kia had to stop production yesterday because of strikes at their plants, while other leading groups such as Samsung have also been hit.

Y6 to Y228 and Ishikawajima-Harima Heavy Industries Y15 to Y615. But Nippon Steel, the most active stock the previous day, came under profit-taking pressure to close Y1 lower at Y336. It was nonetheless the second busiest issue with 84.74m shares traded.

Other domestic demand-related stocks lost popularity towards the close. Tokyo Electric Power opened Y80 higher but was hit by a wave of selling later, ending Y140 lower at Y8,180. Tokyo Gas got off to a firm start but finished Y40 lower at Y1,030.

NTT, which was designated eligible for margin trading on Monday, turned down, closing Y30,000 lower at Y2,545.

Constructions, housing and cement fared poorly, with Obayashi and Taisei shedding Y20 each to Y1,060 and Y1,100 respectively. Misawa Homes fell Y20 to Y2,800 and Onoda Cement Y11 to Y834.

In afternoon trading, high-technology stocks came into the spotlight. Fuji Photo Film, reporting good business results, surged Y190 to Y4,350. Matsushita Electric Industrial advanced Y70 to Y2,570, Hitachi Y30 to Y1,230, Fujitsu Y40 to Y1,230 and NEC Y20 to Y2,000.

Oil issues attracted strong buying interest, reflecting the tense Middle East situation. Teikoku Oil gained Y20 to Y1,070 and General Sekiyu Y20 to Y1,330.

Non-ferrous metals also firmed, with Sumitomo Metal Mining up Y80 to Y1,740 and Mitsubishi Metal Y21 higher at Y946.

Bond prices showed erratic movements, with the yield on the benchmark 5.1 per cent government bond, maturing in June 1990, slipping below 5 per cent at one stage.

The yield fell to 4.970 per cent, affected by the purchase of about Y500m worth of the 90th series long-term government bond, due July 1996, by the Finance Ministry's debt consolidation fund.

But selling then increased gradually and the yield ended the day's trading at 5.125 per cent, up from 5.005 per cent at Monday's close.

The yen's decline to the Y151 range and the tension in the Gulf were also depressing factors.

SINGAPORE

BULLISH forecasts for economic growth helped maintain the upward momentum in Singapore after Monday's national holiday and the Straits Times Industrial index climbed 25.87 to a fresh record of 1,499.08.

Reports of higher growth in the second quarter and official forecasts of 6 to 7 per cent growth for the year spurred buying by foreign and local institutions, with consumer and banking stocks leading the way.

OUB rose 45 cents to S\$6.30 and OUB 30 cents to S\$7.90 on 1.66m shares traded. Share trading in DBS was temporarily suspended pending its half-year results, which showed a sharp gain in profits.

Fraser and Neave climbed 80 cents to S\$13.70, while UIC was active with 1.45m shares changing hands and rose 8 cents to S\$3.98.

HONG KONG

THE HECTIC pace of trading continued in Hong Kong but share prices turned mixed and the Hang Seng index only managed to scrape the year's previous high, up 2.78 to 3,546.52. Turnover was up slightly from Monday at HK\$2.33bn.

Property was the strongest sector, with Cheung Kong adding 20 cents to HK\$13.30 and Hang Lung Development rising 10 cents to HK\$16.50, although Sun Hung Kai was unchanged at HK\$18.70.

Banks were mixed, with Hang Seng Bank up 50 cents at HK\$47.75 but Bank of East Asia down 50 cents at HK\$36.25. Utilities were also mixed.

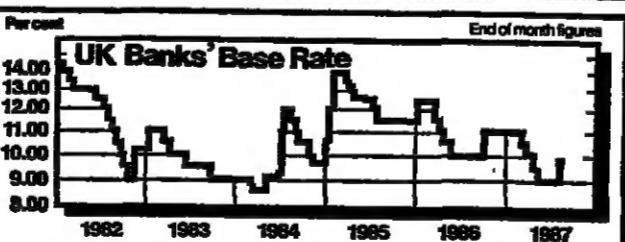
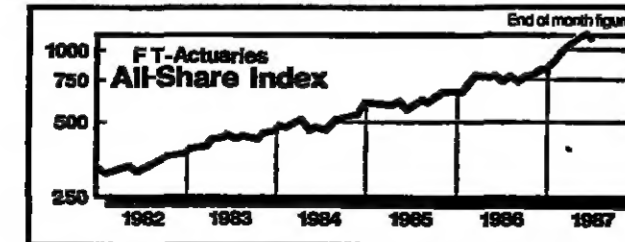
AUSTRALIA

THE RECOVERY in the bullion price gave Sydney a boost and gold shares made some of the strongest gains after their sharp falls on Monday. The all ordinaries index rebounded 28.5 points to 2,894.3 in heavy turnover of 163m shares.

Wall Street's advances and a lower inflation rate also helped sentiment. Among golds, Kidston picked up 50 cents to A\$8.00 and Poseidon 20 cents to A\$6.90, while resources saw Western Mining move back to A\$9.90.

In the industrial sector, Pioneer Concrete again saw heavy turnover of 800,000 shares, rising 10 cents to A\$4.55. Banks took heart from the better inflation news, which sent interest rates down.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug 11	Prev	Year ago
NEW YORK			
DJ Industrials	2,880.48	2,835.84	1,811.16
DJ Transport	1,103.11	1,094.31	721.75
DJ Utilities	210.71	207.23	203.54
S&P Comp.	333.33	328.00	240.88

	Aug 11	Prev	Year ago
LONDON FT	1,772.50	1,742.50	1,252.7
SE 100	2,275.4	2,242.2	1,581.0
A All-shares	1,153.15	1,135.45	770.54
A 50	1,272.22	1,253.07	846.28
Gold mins	44.4	53.5	228.0
A Long gr	9.78	9.85	9.55
World Act. Ind.	132.94	131.27	96.31

	Aug 11	Prev	Year ago
TOKYO			
Nikkei	25,282.97	25,119.70	17,478.1
Tokyo SE	2,091.22	2,079.27	1,457.22

	Aug 11	Prev	Year ago
AUSTRALIA			
All Ord.	2,084.2	2,055.4	1,153.9
Metals & Mins.	1,418.5	1,374.1	536.9

	Aug 11	Prev	Year ago
AMSTERDAM			
Credit Afdon	215.67	214.71	233.24

	Aug 11	Prev	Year ago
BRUSSELS			
SE	5,331.70	5,274.0	3,787.24

	Aug 11	Prev	Year ago
CANADA			
Toronto	3,462.3	3,387.1	2,100.0
Metals & Mins.	4,104.2	4,067.5	3,041.9
Portfolio	2,051.22	2,031.46	1,517.78

	Aug 11	Prev	Year ago
DENMARK			
SE	205.62	202.71	

	Aug 11	Prev	Year ago
FRANCE			
CAC Gen	408.10	407.30	380.4
Ind. Tendance	103.70	104.20	91.70

WEST GERMANY

	Aug 11	Prev	Year ago
DZ-Midien	651.43	657.64	655.00
Commerzbank	2,036.50	2,056.10	2,014.9

	Aug 11	Prev	Year ago
HONG KONG			
Hang Seng	3,546.52	3,543.78	1,827.04

	Aug 11	Prev	Year ago
ITALY			
Banca Com.	622.00	634.58	738.37

	Aug 11	Prev	Year ago
NETHERLANDS			
ANP CBS	332.30	330.40	293.0
Gen Ind	280.80	280.70	284.7

	Aug 11	Prev	Year ago
NORWAY			
Olo SE	519.88	513.66	340.83

	Aug 11	Prev	Year ago
SINGAPORE			
Straits Times	1,490.00	(c)	772.71

	Aug 11	Prev	Year ago
SOUTH AFRICA			
SE	2,350.0	1,805.4	
Industrials	2,210.0	1,394.9	

	Aug 11	Prev	Year ago
SPAIN			
Madrid SE	292.57	282.78	184.35

	Aug 11	Prev	Year ago
SWEDEN			
J & P	2,990.50	2,942.00	2,661.00

	Aug 11
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